X-RAYS

	Coop. Plan	Non-Coop. Plan
Fingers, toes (A.P. & lateral)	$2.25	
Shoulder	4.00	Same
Arm, hip, leg, jaw, localization of foreign body (A.P. & lateral)	4.00	
Kidney, pelvis, ribs, and chest	4.00	as
Skull (A.P. & lateral)	4.00	
Sinuses (3 views)	4.00	Oregon
Sinuses (each additional)	1.00	
Gastro-intestinal, several views	7.50	State
Gastro-intestinal, several views including fluoroscopy	10.00	
Gall bladder, several views	6.00	Fee
Spine (A.P. & Lateral)	5.00	
Pyelogram	9.00	Sched-
Dental films (one film)	.75	
(each additional film)	.40	ule
(upper or lower denture—7 views)	2.50	
(complete denture—14 views)	4.50	

See special instructions regarding x-rays.

GENERAL QUESTIONS FOR DIRECTING HEAD OF ASSOCIATION

A. WOULD YOU INDICATE TO WHAT EXTENT YOU BELIEVE YOUR ORGANIZATION HAS INTERFERED WITH THE PRIVATE PRACTICE OF PHYSICIANS IN PORTLAND? Has taken away medical practice but has distributed this income to a large number of doctors in turn. Organization has collected fees that probably otherwise would not have been possible.

C. WOULD YOUR ORGANIZATION COOPERATE WITH THE MEDICAL PROFESSION BY PERMITTING A REVIEW, BY A DISINTERESTED COMMITTEE OF THE MEDICAL SOCIETY, of ALL EXISTING AND FUTURE CONTRACTS TO DETERMINE IF THEY ONLY REACH THE LOW-INCOME GROUPS? Would have to be a cooperative plan as to policies, but interference with selling contracts would not be practicable.

4092 D. WHAT ARE THE POSSIBILITIES OF ESTABLISHING A COUNCIL OF HOSPITAL ASSOCIATIONS?

Dr. Moore feels that a good deal could be accomplished in behalf of the medical profession by attempting to get the hospital associations and the Medical Society to form a council to work out plans for eliminating unethical proceedures and abuses. A cooperative organization could do much to improve conditions. He does not feel that much can be accomplished by trying to force rules upon the associations.

He feels that up to a certain point the Medical Society can have a great deal of influence if the associations themselves can be a part of the planning and directing. He does not think that, at the outset at least, the Society can set up regulations which will interfere with the management of the individual units and expect to get anywhere.

The following points demonstrate items which could be worked out immediately by a properly organized council:

(1) Contents and coverage in contracts;
(2) proper premium rates;
(3) establishment of ethical sales practices (eliminating high pressure methods);
(4) setting up proper income levels for eligibility to sickness insurance;
(5) elimination of courtesy service to executives;
(6) a method of hearing greivances of hospital associations—against each other.

If the major hospital associations can be associated, to work out general problems first, then enforcement can be accomplished to bring the smaller ones into line through their medical staffs.

Since the Medical Society has recognized hospital associations, prohibition of one over another could be better accomplished after certain standards had been agreed upon by mutual consent.

Plaintiff's Exhibit 216

4093 Supplementary Report
to No. 3.

MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION

****

THE PRELIMINARY AGREEMENT

Signed by Physicians

STARTING THE MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION
In June, 1932

****

May 16, 1935

****

Report No. 7
of the
Special Committee on Study of Medical Care
for Low-Income Groups
Multnomah County Medical Society

****

Report No. 7

Copy No. 4

Doctor: (Signed) N. W. JONES

4094 MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION

PRELIMINARY AGREEMENT

WHEREAS, certain physicians and surgeons residing in Portland, Oregon, propose to organize a hospital association under the laws of the State of Oregon with a capital stock of $10,000.00 divided into 100 shares of the par value of $100.00 each; and

WHEREAS, the best interests of the Association and the undersigned will be served through a stabilized plan and a uniform uninterrupted policy to be accomplished through a transfer of the stock for a period of years to seven voting trustees to be elected by the stockholders of said Association at their first meeting, said voting trustees to have

the voting power of all stock for a period of five years: and

WHEREAS, it is essential to the well-being and success of said Association that the stockholders thereof shall not engage themselves as physicians or otherwise in the employ of any other hospital association while a stockholder of this Association, and that as to each of the undersigned an action in damages for violations or breach of this agreement would not be adequate remedy and that the interests of said Association so to be formed and of each of the subscribers will be subserved only by the strict and literal observation by each of the undersigned of such covenant; and

WHEREAS, it is essential to the well-being and success of said Association that the stockholders thereof shall at all times observe a high standard of professional conduct in rendering professional service to and for the Association; and

WHEREAS, the amount of stock a member should subscribe for or own at any time should be fixed; and

WHEREAS, all of said matters have been duly regularly agreed to by the parties hereto and it is now desired to make a written memorandum thereof, now therefore,

The subscribers hereto in consideration of the premises and of the benefits to each respectively accruing therefrom and hereafter to accrue, do hereby agree to and with each other and with the corporation so to be formed, as follows:

(1) That a corporation authorized to do business as a hospital association shall be formed under the laws of Oregon to be known as Multnomah Industrial Health Association with a capital stock of $10,000.00 divided into 100 shares of the par value of $100.00 each, and W. B. Holden, R. H. Ellis, and A. E. Mackay are hereby designated as the incorporators thereof.

(2) Each of the undersigned agrees to keep and observe all of the agreements herein recited which are declared to be a binding contract as to each subscriber hereto. Each of the undersigned hereby subscribes for and agrees to take and pay for at $100.00 each, one share of said capital stock and for the purpose of facilitating the organization of said corporation each subscriber hereto waives all statutory notice or other notice of the first meeting of

stockholders and agrees that said meeting may be held at any time selected by the incorporators and that the subscribers present at said meeting shall proceed to effect the preliminary organization of said corporation.

4095 (3) When such corporation shall have been duly organized and stock thereof is ready for issue, each of the undersigned agrees to endorse his stock in blank and to deliver same to seven voting trustees to be selected at said meeting and to receive in lieu thereof a voting trust certificate, and to enter into a voting trust agreement for a period of five years in substance as above recited in the preamble hereto: the voting trust certificate shall entitle the holder thereof to receive the dividends declared on the stock represented thereby. The voting trust agreement above referred to shall provide that a majority of the voting trustees shall have power to vote the stock of this corporation, to take part in and consent to any corporate or stockholders' action that may be permitted under the articles of incorporation of this Association and the laws of the State of Oregon. Vacancies among the voting trustees caused by death, resignation or discontinuance of practice in Multnomah County, Oregon, shall be filled by a majority of the remaining voting trustees, providing, however, that three-fourths of the holders of voting trust certificates shall have authority to remove any voting trustee from office at any time, and a majority of the holders of said voting trust certificates shall have authority to fill vacancies in the offices of the voting trustees when more than three vacancies occur therein at any one time. Any action of the holders of voting trust certificates shall be had at a special meeting called for that purpose and to be provided for under the by-laws of this Association.

(4) When preliminary organization of said corporation is effected, each of the undersigned agrees to make and enter into, with the corporation, and as a condition precedent to receiving the stock by him subscribed for hereby and/or the voting trust certificates above specified, a binding contract that he will not engage himself as a physician or otherwise enter the employ of any other hospital association; until said contract is executed this writing shall be regarded as a binding agreement to that effect.

(5) Whenever, in the sole and exclusive judgment of five of the Board of Directors of the Association, a stockholder shall be found guilty of a breach of professional

conduct in rendering professional service to and/or for the Association, the Board of Directors, by a majority vote thereof, shall have power to declare forfeited all rights and privileges of such stockholder, and the Association, through its Board of Directors, shall thereupon repurchase the stock held by such stockholders, paying therefor the par value of said stock.

(6) All contracts to be made by the corporation shall have stated thereon as physicians of the Association, the name of every physician then a holder of voting trust certificates and such contracts shall be so worded, as to leave to any sick or injured workman an open choice as to any of said physicians; if and as new physicians become holders of voting trust certificates in this corporation, employees shall be notified thereof;

(7) By-laws and rules for the general conduct of the business and affairs of the Association shall be adopted at the first stockholders' meeting, and may be amended at any annual meeting thereafter, or at a special meeting called for that purpose by any five of the seven voting trustees herein provided for.

(8) It is contemplated that the affairs of this corporation shall be directed by a Board of Directors consisting of seven in number who shall be elected by the voting trustees and that such voting trustees shall be entitled to exercise all rights and powers of the holders of the stock so deposited with them; provided, however, that the holders of voting trust certificates may from time to time
4096 hold special meetings on ten days' notice requested by a majority of the voting trustees or by any twenty-five holders of voting trust certificates, such requests to be in writing and notices for such meeting fixing the time and place, to be given by the secretary of said corporation. The action of a majority of the holders of voting trust certificates at any such meeting or meetings shall be advisory only as to any action on the part of the voting trustees and it shall be discretionary with said voting trustees whether they shall or shall not follow such advisory action.

Dated at Portland, Oregon, June 9, 1932.

Signers of Preliminary Agreement Multnomah Industrial Health Association
June 9, 1932.

W. B. Holden
E. W. Rockey
A. M. Webster
W. W. Black
C. H. Smith
F. B. Zener
R. B. Smalley
Karl Martzloff
J. R. Mizner
J. Earl Else
Raymond Staub
B. A. VanLoan
Karl P. Moran
C. Ulysses Moore
F. Floyd Smith
Gordon B. Leitch
H. M. Page
E. J. Nitschke
T. Tharaldsen
Arthur D. Pockert
E. P. Owen
D. C. Bollam
Wallace Haworth
Earl D. DuBois
Ivan M. Woolley
Andrew J. Browning
A. E. Mackay
Otis F. Akin
F. H. Dammasch
Theo. W. Adams
A. J. McLean
Thos. Watts
Arthur C. Jones
Carl J. Hollingworth
Roger Holcomb
Franklin P. Johnson
Willard F. Hollenbeck
John C. Adams
E. E. Rippey
Cecil J. Ross
A. T. Blachly
L. P. Lind
L. T. Jones
Frank Butler
Ralph F. Davis
J. Guy Strohm
Lee W. Dickinson
R. H. Ellis
W. H. Bueermann
Luther T. Nelson
Harry B. Moore
Hubert F. Leonard
H. L. Blosser
H. E. Shoot
Harold B. Myers

Plaintiff's Exhibit 217

409 MULTNOMAH COUNTY MEDICAL SOCIETY

A Survey

(For the information of the Council of the Multnomah County Medical Society)

All members are requested to respond to each statement printed below, sign the declaration and return it to the secretary. The responses will be considered confidential. If any member feels that he should not sign his name, he may return the form unsigned. However, it is the wish

of the Council that there may be 100% response, and that all sections of the form be filled out. Please attend to this, at your earliest possible convenience. Space is provided for comments and a free expression of opinion is desired.

1. The undersigned (approves) of the policy of the
(disapproves)
Multnomah County Society Council in its opposition to all contract practice not in harmony with the policies, rulings, and code of ethics of the American Medical Association. (Cross out bracketed word which *does not* express your sentiment.)

2. The undersigned (is) willing to join in an agree-
(is not)
ment not to engage in any work for Hospital Association, including consultation-work. (Cross out bracketed words that *do not* express your sentiments.)

.....
Signed

COMMENTS:

Plaintiff's Exhibit 218

4098

Report No. 8

Special Committee of the Multnomah County Medical Society
on a
STUDY OF MEDICAL CARE FOR LOW INCOME GROUPS

STATISTICAL COMPILATION OF A QUESTIONNAIRE
From the Members of the
Multnomah County Medical Society

May 29, 1935

Report No. 8

Copy No. 4

Doctor: (Signed) N. W. JONES

4099 SUMMARY OF QUESTIONNAIRES

May 29, 1935

The following data are compiled from the questionnaires sent out by the Special Committee on a Study of Medical Care for Low Income Groups to the members of the Multnomah County Medical Society. This report does not include the section on eligibility scales as these data will be included in another report.

A "Yes" and "No" compilation of a questionnaire does not entirely represent the entire picture of answers furnished, as often they have been qualified, but it does offer the general opinions of the members of the society making a return and in instances where comments were requested they have been included in detail in the report.

Four hundred and seventeen (417) questionnaires were sent out with a return of one hundred and eighty-six (186), representing 45% of the members. (Forty percent is considered a satisfactory return on questionaires in general.)

Fifty-six percent (105) of the returns were from physicians who are members of "hospital association" panels and forty-four percent (81) from those not signed as members of panels.

Fifty-three percent (98) of the panel physicians were from the Multnomah Industrial Health Association and 3.5% (7) from other associations (Pumphrey 2, Industrial 4, National 1). Several listed themselves as members of more than one panel.

Fifty-three percent (98) of the members of the Multnomah Industrial Health Association answered the questionnaires and 26% represented the remaining members of the society not acknowledging panel affiliation who filed answers.

****

The Tabulation:

Panel-physician answers	105
Non-members answers	81
Total	186

Panel-physician replies:

Multnomah	98
Pumphrey	2
Industrial	4
National	1
	105

4100 QUESTIONNAIR ANSWERS

2. DID YOU AUTHORIZE THIS ORGANIZATION TO APPOINT YOU TO ITS PANEL?

3. IF NOT, WAS YOUR NAME INCLUDED BECAUSE YOU HAD BEEN COMPENSATED FOR PROVIDING SERVICE TO ITS SUBSCRIBERS?

These questions were answered by only a few and did not offer statistics which would bring out the number on panels because they had received some compensation. The members of the Multnomah all are part owners and names authorized.

4. DO YOU BELIEVE THERE IS NEED FOR A PERIODIC PREPAYMENT PLAN OF MEDICAL CARE (INCLUDING HOSPITALIZATION AND PROFESSIONAL SERVICES) FOR PERSONS IN DESIGNATED LOW-WAGE INCOME CLASSIFICATIONS?

No: 20 Yes: 156

Eighty-eight percent of all physicians answering this question believed there is a need for a periodic prepayment plan. Ninety-two percent of panel physicians were in favor of some plan.

5. DO YOU FAVOR LIMITING THIS SERVICE TO THE FAMILY WAGE EARNER?

No: 92 Yes: 76

Over half of the physicians (55%) did not favor limiting service through associations to family wage earners, while the ratio for panel-physicians alone was 54% for restricting service but only 31% of the non-panel physicians favored restricting to the family wage earner.

6. DO YOU FAVOR EXTENDING "SICKNESS INSURANCE" BENEFITS TO ALL MEMBERS OF THE IMMEDIATE FAMILY OF LOW-INCOME GROUPS?

No: 57 Yes: 114

Sixty-seven percent of those answering favored extending sickness insurance benefits to all members of the immediate family. One half of the non-panel physicians favored extention of benefits while only one-third of panel physicians favored extending the coverage to all members of the family.

7. DO YOU BELIEVE THAT A PERIODIC PRE-PAYMENT PLAN SHOULD BE MADE AVAILABLE TO ANYONE WHO WISHES TO SUBSCRIBE, REGARDLESS OF INCOME? (Specific levels to be taken up farther on).

No: 159 Yes: 21

Eighty-one percent of the physicians opposed extending prepayment benefit to all who wished it, regardless of income. In the panel group 86% opposed it and 91% of the non-panel group did not favor extending such a system to all.

4101 8. IN YOUR OPINION, IS THERE A DANGER OF THE LEVEL BEING RAISED THROUGH PRESSURE OF ITS MANAGERIAL AND SALES FORCE EVEN IN ASSOCIATIONS OWNED AND CONTROLLED BY DOCTORS?

No: 26 Yes: 145

Eighty-five percent of the physicians believed there was a danger of the eligibility level being raised through pressure of Managerial and sales force. Approximately the same ratio prevailed for panel and non-panel members.

9. WOULD YOU FAVOR A DIFFERENT STANDARD OF SERVICE FOR THOSE UNDER A "SICKNESS INSURANCE" PLAN AS COMPARED TO THOSE NOT COVERED?

No: 134 Yes: 31

Eighty-one percent of the physicians did not favor a different standard of service for patients under "insurance" plans; however, 75% of them felt this would be the inevitable outcome. (See results of next question).

10. IF NOT, DO YOU FEEL THAT THIS WOULD BE THE INEVITABLE OUTCOME?

No: 39 Yes: 121

11. DO YOU BELIEVE THAT "COVERAGE" IN INSURANCE PLANS SHOULD BE EXTENDED TO INCLUDE "HEALTH EXAMINATIONS"?

No: 84 Yes: 82

There was an even division of opinion as to whether "coverage" should include "health examinations"; however, 64% of the non-panel members opposed it as compared to 40% of those on association panels.

12. DO YOU BELIEVE THAT CONTRACTS WITH INDIVIDUALS SHOULD BE ENTERED INTO UNDER INSURANCE PLANS?

No: 99 Yes: 66

Sixty percent of the answers were not favorable to signing contracts with individuals. The panel and non-panel opposition was in the same ratio.

13. DO YOU APPROVE THE PLAN OF FORMATION OF SUBSCRIBERS "CLUBS" OR ASSOCIATIONS:

A. BY EMPLOYEES OF FIRMS? No: 83 Yes: 76

B. BY GROUPS OF OTHER PERSONS? No: 110 Yes: 41

Physicians as a whole opposed the formation of subscriber "clubs" organized for the purpose of taking advantage of sickness insurance, either in firms who will not sign the contract or by individuals of associations, etc. However, the panel physicians taken separately approved such a plan if the employees were in firms but also opposed it if they were not. The non-panel physicians opposed such a plan throughout. The ratio against both plans is 52% for A and 73% for B.

4102 14. SHOULD THE MULTNOMAH COUNTY MEDICAL SOCIETY EXERCISE CONTROL OVER PERIODIC PAYMENT PLANS?

14. SHOULD THE MULTNOMAH COUNTY MEDICAL SOCIETY EXERCISE CONTROL OVER PERIODIC PAYMENT PLANS?

No: 20 Yes: 144

All physicians (panel or non-panel) were in favor of the Medical Society exercising control over periodic payment plans. The ratio was 144 for control and 20 against (87%).

15. WILL THE ESTABLISHMENT OF VOLUNTARY SICKNESS INSURANCE PLANS UNDER THE CONTROL OF THE ORGANIZED MEDICAL PRO-

FESSION RETARD THE MOVEMENT FOR COMPULSORY STATE HEALTH INSURANCE OR ASSIST THE MEDICAL PROFESSION TO OBTAIN A BETTER DEAL IF COMPULSORY INSURANCE COMES?

No: 36 Yes: 122

In general physicians believed that the establishment of voluntary sickness plans under the Medical Society would retard such a movement and obtain a better deal if compulsory insurance comes. Eighty-two percent were of this belief and the ratio was much stronger in the panel than non-panel group.

16. SHOULD AN APPROVED PERIODIC PAYMENT PLAN OR OTHER APPROVED PLAN OF CONTRACT PRACTICE BE REGARDED AS THE ONLY FORM OF CONTRACT PRACTICE IN WHICH MEMBERS OF THE MULTNOMAH COUNTY MEDICAL SOCIETY MAY ENGAGE?

No: 29 Yes: 131

Replies indicated that 87% favored restricting physicians' participation in any form of contract practice to plans approved by the Medical Society. The ratio was approximately the same for panel and non-panel members.

17. TO WHAT EXTENT TO YOU BELIEVE THE OLDER PROPRIETARY HOSPITAL ASSOCIATIONS HAVE AFFECTED THE INCOME OF PHYSICIANS IN REGULAR PRIVATE PRACTICE?

Considerably: 104
Very little: 25
Do not know: 15

Seventy percent of the physicians stated that older proprietary associations had affected their income seriously. The ratio was approximately the same for panel and non-panel groups.

18. SHOULD HOSPITAL SERVICE BE PROVIDED TOGETHER WITH MEDICAL SERVICE UNDER A PERIODIC PAYMENT PLAN OR SHOULD THESE SERVICES BE SEPARATED?

No: 74 Yes: 85

The opinion was divided as to whether hospital coverage should be included in a periodic plan. However, while

panel members favored including the service, non-panel physicians opposed it. Panel percent against it was 39% and non-panel groups against it was 60%.

4103 19. IS IT YOUR OPINION THAT THE MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION WILL ASSIST IN RESTORING TO THE FAMILY PHYSICIAN HIS PATIENTS FORMERLY LOST BY CONTRACTS MADE BY THE OLDER PROPRIETARY HOSPITAL ASSOCIATIONS?

No: 69 Yes: 83

Fifty-four percent of the physicians indicated they thought the Multnomah would restore patients to the family physicians, patients previously lost to the older proprietary associations. However, only the panel group was of this opinion as the non-panel group stated it had not by a 76% decision.

20. DO YOU BELIEVE IT IS PRACTICABLE TO MEET THE NEEDS OF LOW-INCOME PERSONS BY A CENTRALLY ADMINISTERED PLAN UNDER WHICH THE CHARGES ARE ADJUSTED TO THE INCOME OF THE FAMILY AND PAYMENT MADE ON AN INSTALLMENT BASIS AFTER THE SERVICE IS RENDERED?

No: 126 Yes: 60

Both panel and non-panel physicians agreed it was not practicable to adust charges and arrange for payment after service is performed. The ratio is 64%.

21. DO YOU BELIEVE IT IS PRACTICABLE FOR A PERIODIC PAYMENT PLAN ALLOWING FREE CHOICE OF PHYSICIAN FROM AMONG ALL MEMBERS OF THE MULTNOMAH COUNTY MEDICAL SOCIETY TO COMPETE ON A PURELY ECONOMIC BASIS WITH PLANS IN WHICH THE CHOICE IS RESTRICTED TO A FEW PHYSICIANS?

No: 53 Yes: 106

Sixty-six percent of the returns indicated that physicians thought an organization with a large panel of society members could compete economically with one with a small panel.

4104 22. CITE INSTANCES OF SUBSCRIBERS WHOM YOU KNOW HAVE RECEIVED BENEFITS UNDER THE MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION WHOM YOU DO NOT CONSIDER PROPERLY ENTITLED TO INSURANCE BENEFITS BECAUSE OF EXCESSIVE INCOMES. (NAMES & FIRMS).

Members of Hospital Association Panels
(Multnomah 93%)

—4—

"School teachers."

—8—

"I. Berlin—Modist"

—11—

"Mr. Foss—Foss Electric Co.
Numerous school teachers."

—14—

"I know of none that I have had to deal with personally."

—15—

"Davidson Bakery—executive
Gram Investment Co.—executive"

—16—

"Henry Rosette—Consolidated Supply Co."

—18—

"None that I know of. Those whom I have treated would have had difficulty paying any doctor and would probably have (1) gone to the county, (2) would have neglected it entirely, or (3) would have tried to treat themselves with aid of some ill-trained person."

—19—

"School teachers and at least six other patients in my personal files. Some have been my personal friends and I hate to name them."

—20—

"Alvin E. Gunderson—Wheel & Rim Serv.
Mr. Abe Cohn—Insurance Serv. Co.
Mr. Rosencrantz—Insurance Serv. Co."

—22—

"Vernon School.
Rigler School.
Beaumont School."

—23—

"No personal knowledge—only reports."

—26—

"All are entitled; no exceptions."

4112 24. TO YOUR PERSONAL KNOWLEDGE HAS THERE BEEN COLLUSION BETWEEN PHYSICIANS OF THE MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION IN THE OVER TREATMENT OF PATIENTS?

No: 118 Yes: 4

Non-panel and panel physicians universally stated that there was no collusion between panel physicians in the care of patients. 96% were of this opinion.

25. DO YOU FAVOR LIMITING HEALTH INSURANCE PLANS TO THOSE EMPLOYED IN INDUSTRIAL FIRMS ONLY?

No: 104 Yes: 61

Sixty-three percent did not favor limiting "health" insurance plans to Industrial firms. Panel doctors 61% and non-panel, 65%.

26. DO YOU FEEL THAT THE EXISTENCE OF HIGH-TYPE INDIVIDUAL MEDICAL PRACTICE IN THIS COMMUNITY IS JEOPARDIZED BY:

(A). LAY-OWNED HOSPITAL ASSOCIATIONS? No: 18 Yes: 155

(B). PHYSICIAN-OWNED HOSPITAL ASSOCIATIONS? No: 93 Yes: 99

There was a divided opinion as to whether the physician-owned hospital associations jeopardized the existence of a high type of medical practice. However, 90% were of the

opinion that the lay-owned associations did jeopardize the high type of medical practice.

27. PLEASE INDICATE BRIEFLY THE EFFECTS, IF ANY, OF THE OPERATIONS OF THE OLDER PROPRIETARY HOSPITAL ASSOCIATIONS UPON YOUR INCOME AND PRACTICE:

Have: 69 (64%)
Have not: 28 (26%)
Not known: 10 (9%)

28. DO YOU BELIEVE THAT THE MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION SHOULD BE CONTINUED:

A. ON A COMPETITIVE, COMMERCIAL BASIS?

B. ON THE BASIS OF DISCHARGING THE MEDICAL PROFESSION'S MORAL OBLIGATION TO THE COMMUNITY?

	Panel Members	Non-Members	Both
Question A: Yes	26	3	29
No	18	21	39
Question B: Yes	34	28	62
No	7	2	9
Answered Yes to Both Questions	32	2	34
Not continue at all	2	30	32

29., 30., and 31. will be included in a subsequent report.

4136 MAIN POINTS OF DIVERGENCE BETWEEN PANEL AND NON-PANEL PHYSICIANS

5. DO YOU FAVOR LIMITING THIS SERVICE TO THE FAMILY WAGE EARNER?

Panel physicians did not favor limiting and non-panel physicians wanted it limited to wage earner.

11. DO YOU BELIEVE THAT "COVERAGE" IN INSURANCE PLANS SHOULD BE EXTENDED TO INCLUDE "HEALTH EXAMINATIONS"?

Panel physicians favored extending coverage to include "health examinations" while non-panel physicians opposed it.

13. DO YOU APPROVE THE PLAN OF FORMATION OF SUBSCRIBER "CLUBS" OR ASSOCIATIONS:

A. BY EMPLOYEES OF FIRMS?

B. BY GROUPS OR OTHER PERSONS?

Members of panels favored permitting formation of "clubs" in firms to enable them to obtain insurance benefits while non-panel physicians did not favor such a plan.

18. SHOULD HOSPITAL SERVICE BE PROVIDED TOGETHER WITH MEDICAL SERVICE UNDER A PERIOD PAYMENT PLAN OR SHOULD THESE SERVICES BE SEPARATED?

Panel physicians did not favor separate coverage for hospital service while non-panel physicians did not believe it should be included.

19. IS IT YOUR OPINION THAT THE M.I.H.A. WILL ASSIST IN RESTORING TO THE FAMILY PHYSICIAN HIS PATIENTS FORMERLY LOST BY CONTRACTS MADE BY THE OLDER PROPRIETARY HOSPITAL ASSOCIATIONS?

Panel physicians felt the Multnomah would assist in restoring patients to family physicians while non-panel physicians did not think so.

26-B. DO YOU FEEL THAT THE EXISTENCE OF HIGH TYPE INDIVIDUAL MEDICAL PRACTICE IN THIS COMMUNITY IS JEOPARDIZED BY PHYSICIAN OWNED HOSPITAL ASSOCIATIONS? In physician-owned associations panel members thought that a high type of medical practice was not jeopardized while non-panel members thought that it was jeopardized.

28. DO YOU BELIEVE THAT THE MULTNOMAH INDUST. HEALTH ASS. SHOULD BE CONTINUED:

(A) ON A COMPETITIVE, COMMERCIAL BASIS?

(B) ON THE BASIS OF DISCHARGING THE MEDICAL PROFESSION'S MORAL OBLIGATION TO THE COMMUNITY? Panel physicians (93% Multnomah) thought Multnomah could continue both on a competitive basis and by discharging the medical profession's moral obligation, which non-panel physicians do not write in this interpretation.

Thirty non-panel physicians wrote in the interpretation that the Multnomah should not be continued under either plan.

Panel physicians favored continuing on a competitive basis while non-panel physicians did not.

(The rest of this exhibit which comprises 40 pages consists of comments from doctors answering the following questions among others: Please indicate briefly the effects, if any, of the operation of the Multnomah Industrial Health Association in the over treatment of patients. Do you believe that the Multnomah Industrial Health Association should be continued?)

Plaintiff's Exhibit 219

4137

Report No. 9

Special Committee
on a
STUDY OF MEDICAL CARE FOR LOW INCOME PERSONS
of the
Multnomah County Medical Society

• • • • • • • •

National and Local Material on Family Subsistence Budgets to be used in determining
A MAXIMUM INCOME LEVEL FOR ELIGIBILITY TO SICKNESS INSURANCE BENEFITS
in Multnomah County

• • • • • • • •

June 13, 1935

• • • • • • • •

Report No. 9

Copy No. 4

Doctor: (Signed) N. W. JONES

4138 • • • • • •

THE PURPOSE OF THIS STUDY

It is proposed in this paper to present such material as is available to assist the committee in recommending an upper limit of financial eligibility to medical

care at low costs through prepayment plans, in order that the medical society may have a voice in determining who should be eligible to its benefits.

* * * * *

4155 *By Raising the Level for Eligibility to Prepayment Insurance Benefits (1928 Scale)*

(a) By raising from $1600.00 to $1800.00 there would be an increase of 2,407,000 families or 8.3%.
(b) If the level were raised from $1600.00 to $2500.00, the group increase would be 8,000,000 families or 29%.
(c) If the level were raised from $1600.00 to 3000.00 (as suggested by some), the increased number of families would be 11,000,000 or 38%.

The corresponding decrease in the group remaining to pay full Medical Costs on the basis of the above:
(a) From 61% to 52%.
(b) From 61% to 43%.
(c) From 61% to 33%.

The effect of the 1933 family income level (as compared to 1928) probably would reduce the remaining percent available for private practice to:
(a) 42%
(b) 35%
(c) 26%

The above demonstration illustrates the effect on medical practice as a whole by an uncontrolled eligibility raising.

It is true, however, that if only the wage earner is included in the calculation that the number eligible to prepayment insurance plans would be much less, but it is probable that a large number of those not covered in these families would remain on a part pay status with individual physicians or would revert to the indigent group.

FROM THE STANDPOINT OF THE PRIVATE PRACTITIONER WHOSE PRACTISE DEPENDS UPON THOSE WHO PAY THE FULL COSTS OF MEDICAL CARE, THE SCALE OF ELIGIBILITY IS OF VITAL IMPORTANCE AND ADJUSTMENTS, HOWEVER SLIGHT, MAY AFFECT HIS WELFARE.

*****

ELIGIBILITY TO SICKNESS INSURANCE BENEFITS DEPENDS SOMEWHAT UPON THE VIEWPOINT

There are many viewpoints upon the subject of eligibility to sickness insurance benefits that should be mentioned. They are:

(1) The physicians;
(2) The hospitals;
(3) The recipient of the service;
(4) The employer;
(5) The social worker;
(6) The politician;
(7) The public not receiving benefits;
(8) Governmental agencies;
(9) The welfare reformer.

While the following discussions may be extreme, they will demonstrate individual viewpoints even though not the majority of opinions of these groups:

The Social Worker

Members of society should have free access to various forms of medical service regardless of financial status. One might choose a free clinic, an insurance plan, or private practitioner depending upon his own desires. (Her thought evidently anticipated a different standard of medical practise for the various plans and that one could take it or leave it upon that basis). It is the viewpoint of the purchaser of a commodity wherein the state makes certain forms of medical care available and one may choose whichever he wishes.

The Recipient

One can obtain unlimited medical care without having to pay the usual rates. Why not take advantage of it? They consider that they are paying for their medical care and have full access to its benefits. The severity of the ailment is not so important as the doctor is paid and has no right to refuse treatment.

There are some, however, who even though paying their dues, choose to go to a private physician and pay him in addition.

As a rule, the subscriber feels that the protection is well worth the money ".....and you can go to the best doctors in the city."

The Industrial Employer

He wants his employes protected—all of them. A protection to his business.

"And say, in the small town where our mill is located the association takes care of the families as well even though not required to do so, without extra cost—even maternity cases. The association pays him a salary and he takes care of all of them."

This employer feels that he should be eligible to the service if he wants it. He does feel that premiums should be graded according to the income of the employee—some paying more than others.

UNLESS THIS FORM OF MEDICAL PRACTISE IS TO CHIEFLY SUPERSEDE OTHERS, REGULATION THROUGH ELIGIBILITY STANDARDS WILL BE NECESSARY—OTHERWISE, FROM THE MEDICAL VIEWPOINT, THE FAULTS OF THE SYSTEM WITHOUT THE BENEFITS.

Plaintiff's Exhibit 221

4156

Report No. 11

Special Committee of the
Multnomah County Medical Society

on

Medical Care for Low Income Groups

••••••••••••••

FINANCIAL HISTORY
Hospital Association in Oregon 1918 to 1934.

with

COMPARATIVE STUDIES *FOR 1934 ONLY*

••••••••••••••

June 29, 1935

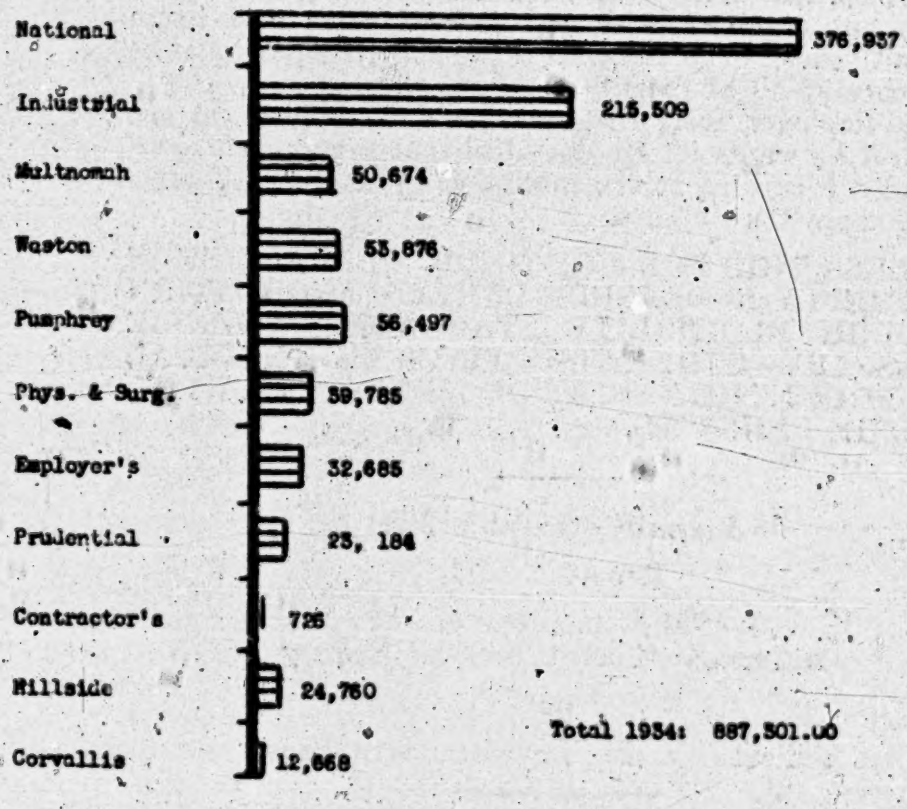
••••••••••••••

Report No. 11

Copy No. 9

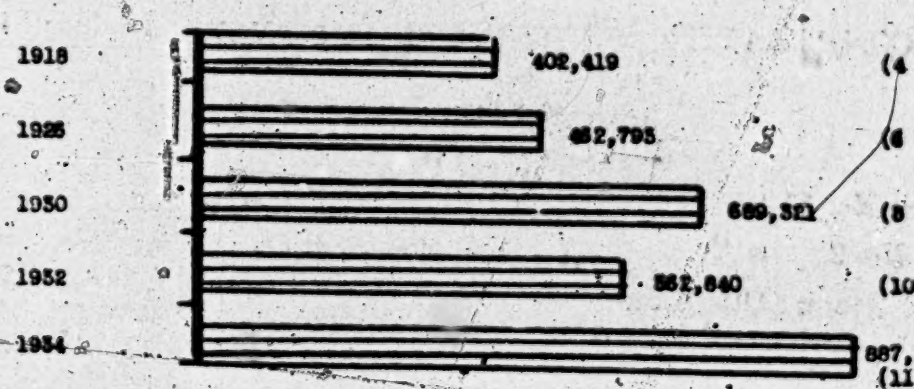
Doctor: Otis Akin

* HOSPITAL ASSOCIATION INCOME In Oregon - 1934



Total 1934: 887,501.00

TOTAL INCOME TREND (Oregon)



* As reported to State Insurance Commissioner.

KLAMATH VALLEY HOSPITAL ASSOCIATION
Started January 1, 1929

PRES.: Warren Coe Hunt
VICE-PRES.: Ethelyn Hunt
SECR'Y: W. C. Van Emon
TREAS: W. C. Hunt

DIRECTORS:
W. C. Hunt
W. C. Van Emon
Ethelyn Hunt

NATIONAL HOSPITAL ASSOCIATION

PRESIDENT: S. C. Slocum
SECRETARY AND GENERAL MANAGER: C. C. Bechtold
TREASURER: C. G. Sabin

INDUSTRIAL HOSPITAL ASSOCIATION
Started January, 1923

PRES.: Dr. C. C. Moore
VICE-PRES: Dr. A. Van Dusen
SECR'Y: W. T. Kirk
TREAS: Dr. R. J. Pilkington

DIRECTORS:
C. C. Moore
W. F. Kirk
R. J. Pilkington
A. Van Dusen

MULTNOMAH INDUSTRIAL HEALTH ASSOCIATION

PRES: E. P. Owen
VICE-PRES: R. R. Staub
SECR'Y: F. H. Damasch
TREAS: F. H. Damasch

DIRECTORS:
E. P. Owen
R. R. Staub
F. H. Damasch
W. F. Hallenbeck
K. P. Moran
H. F. Leonard
J. G. Strohm

TRUSTEES:
J. G. Strohm, Chrm.
F. H. Damasch, Sec'y.-Treas.
W. B. Holden
R. H. Ellis
O. M. Webster
H. B. Myers
R. F. Davis

C. H. WESTON COMPANY
Started, 1904

PRES: C. H. Weston
VICE-PRES: W. H. Whitley
SECR'Y: Geo. D. La Roche
TREAS: Geo. D. La Roche

DIRECTORS:
C. H. Weston
W. F. Whitley
Geo. D. La Roche

4159 PUMPHREY HOSPITAL ASSOCIATION

PRES: C. B. Pumphrey
VICE-PRES: Frank H. Hilton
SEC.-TREAS: Mabel G. Pumphrey

DIRECTORS:
C. B. Pumphrey
Mabel G. Pumphrey
Frank H. Hilton

****

PHYSICIANS AND SURGEONS HOSPITAL ASSOCIATION
Started January 1, 1931

PRES: H. J. Clements
VICE-PRES: E. H. Hobson
SECR'Y: F. K. Power
TREAS: E. S. Fortner

DIRECTORS:
H. J. Clements
F. K. Power
E. S. Fortner
R. L. Wood
W. W. Baum
E. H. Hobson
W. B. Mott

****

EMPLOYERS

PRES: P. G. Brown
VICE-PRES: R. A. Stone
SEC'Y: H. A. Moser
TREAS: H. A. Moser

DIRECTORS:
P. G. Brown
H. A. Moser
G. G. Smith
R. A. Stone

****

PRUDENTIAL

PRES: A. E. King
SECRETARY: J. R. Steagall
TREAS: J. R. Steagall

DIRECTORS:
A. E. King
J. R. Steagall
H. R. Saltmarish

****

CONTRACTORS
Started July, 1933

PRES: Tho. B. Curran
VICE-PRES: A. B. Ridgeway
SEC'Y: John C. Kendall
TREAS: Thos. B. Curran

DIRECTORS:
T. B. Curran
J. C. Kendall
A. B. Ridgeway

4160

NORTHWESTERN
Started Feb., 1911

PRESIDENT: Dr. Evan Ardiel
VICE PRESIDENT: Chris Christianson
SECRETARY: Dr. E. J. Crowthers
TREASURER: Dr. E. J. Crowthers

SOUTHERN OREGON
Started Oct. 1, 1929

PRES: Dr. J. C. Twitchell
VICE-PRES: W. B. Straun
SEC'Y: A. M. Strawn
TREAS: A. M. Strawn

DIRECTORS:
Dr. J. C. Twitchell
B. L. Eddy
D. S. Hauser
W. F. Harris
W. B. Straun.

HILLSIDE HOSPITAL COMPANY
Started March 1, 1929

PRES: Dr. G. H. Merryman
SEC'Y: H. C. Merryman
TREAS: Dr. G. H. Merryman

DIRECTORS:
Dr. G. H. Merryman
H. C. Merryman
J. L. Merryman

CORVALLIS GENERAL HOSPITAL ASSOCIATION
Started April 1, 1930

PRES: E. L. Potter
VICE-PRES: J. F. Porter
SEC'Y: F. L. Walker
TREAS: F. L. Walker

DIRECTORS:
E. L. Potter
J. F. Porter
C. H. Woodcock
R. Johnson
W. L. Winckley

PROFIT AND LOSS STATEMENTS

	1918	1926	1930	1932	1931
NATIONAL					
Income:	267,772	305,900	376,630	243,880	376,937
Disbursements:					
Physicians & Surgeons		90,882	119,930	84,270	127,000
Other Direct Costs		124,957	152,271	39,662	139,000
Adm. & Sales Overhead		60,355	76,538	46,301	99,315
Miscellaneous Overhead		11,413	9,120	39,492	12,876
Total Disbursements:	216,878	287,487	358,019	259,725	365,191
Over or Under:	50,894	18,413	18,611	-15,845	20,000
INDUSTRIAL					
Income:	64,057	93,179	186,814	128,199	215,509
Disbursements:					
Physicians & Surgeons	46,019	70,504	94,380	75,438	108,157
Other Direct Costs			64,378	31,045	65,084
Adm. & Sales Overhead	24,305	16,661	29,851	27,781	38,395
Misc. Overhead	00,000	6,586	4,004	00,000	00
Total Disbursements:	70,324	93,551	192,613	134,264	211,636
Over or Under	-6,267	-372	-5,799	-6,065	3,213
MULTNOMAH					
Income:					50,674
Disbursements:					
Physicians & Surgeons					12,321
Other Direct Costs					14,375
Adm. & Sales Overhead					15,212
Misc. Overhead					00,000
Total Disbursements:					41,909
Over or Under					8,765
WESTON					
Income:		45,078	24,886	34,774	52,876
Disbursements:					
Physicians & Surgeons & other Direct Costs:		22,509	14,411	24,050	40,360
Adm. & Sales Overhead		14,466	10,368	10,653	14,395
Misc. Overhead		00,000	00,000	00,000	00,000
Total Disbursements:		36,775	24,779	34,703	54,755
Over or Under		6,303	107	71	-879

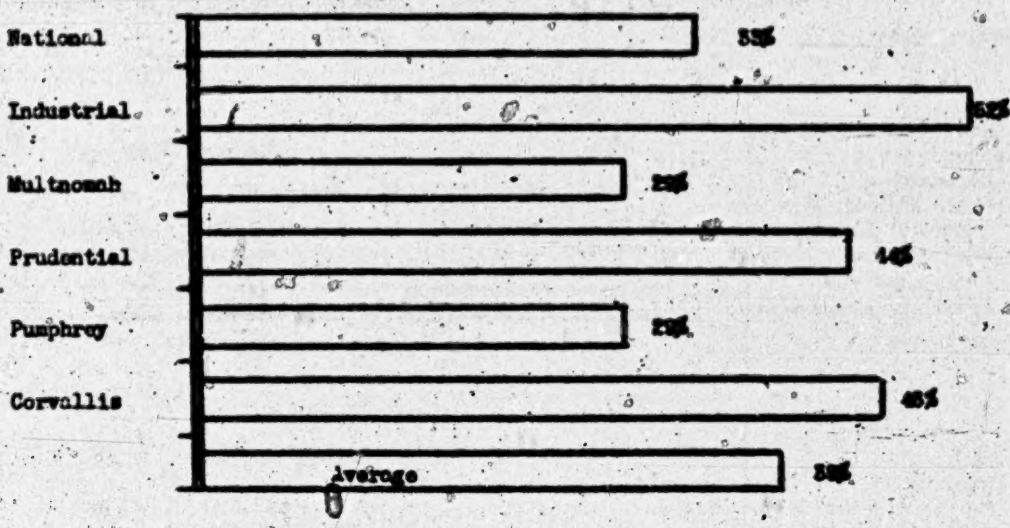
* Income and expenses of General Insurance Agency ignored.

	1918	1926	1930	1932	1934
PUMPHREY					
Income:		8,838	86,125	71,492	56,[illegible]07
Disbursements:					
Physicians & Surgeons		835	15,741	19,990	30,[illegible]93
Other Direct Costs		1,118	12,481	17,071	17,[illegible]42
Adm. & Sales Overhead		6,603	32,360	29,105	15,[illegible]23
Misc. Overhead		0,000	1,045	00,000	00,[illegible]62
Total Disbursements:		8,555	59,625	66,166	58,[illegible]04
Over or Under		-17	-3,502	4,228	-2,[illegible]42
PHYSICIANS & SURGEONS					
Income:				25,255	39,[illegible]65
Disbursements:					
Phys. & Surg. & Other direct costs:				18,628	27,683
Adm. & Sales Overhead				6,843	13,[illegible]23
Misc. Overhead				1,810	00,[illegible]62
Total Disbursements:				25,281	40,[illegible]71
Over or Under				-2,026	-[illegible]27
EMPLOYER'S					
Income:			7,731	18,848	32,685
Disbursements:					
P.& S. & Other Direct Costs			5,728	13,693	25,403
Adm. & Sales Overhead			1,188	5,101	6,662
Misc. Overhead			0,000	0,000	466
Total Disbursements:			6,912	18,794	32,[illegible]31
Over or Under			819	4,093	193
PRUDENTIAL					
Income:	17,169	7,328	10,660	15,141	23,184
Disbursements:					
*Physicians & Surgeons		3,819	3,995	5,874	9,530
Other Direct Costs		1,193	1,788	2,288	4,719
Adm. & Sales Overhead		2,416	4,814	5,285	7,494
Misc. Overhead		0,000	0,000	0,000	12
Total Disbursements:	10,750	7,128	10,597	13,445	21,755
Over or Under	6,419	200	63	-302	1,429

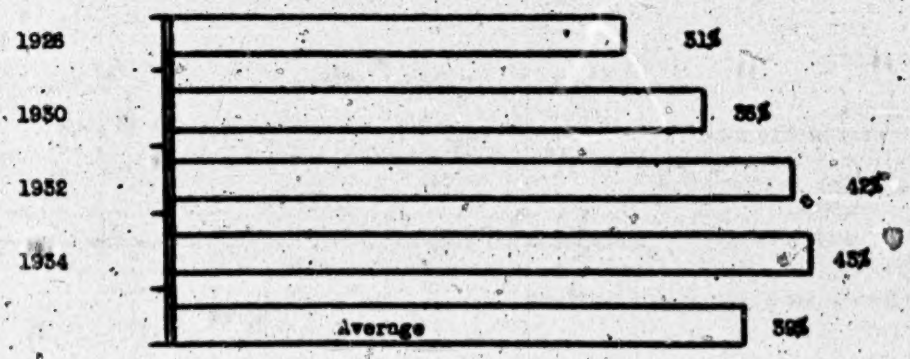
* May contain some salaries of office help.

HISTORICAL DATA
1926 - 1934

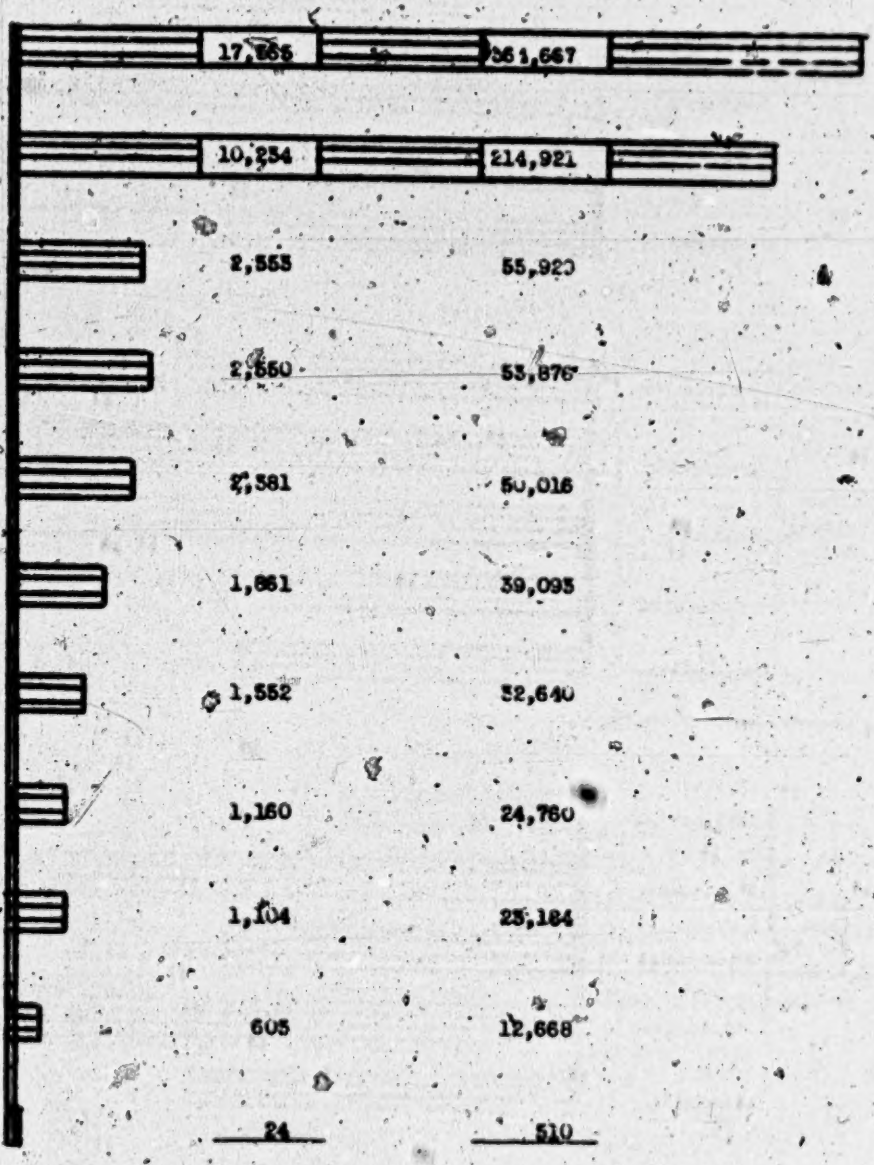
AVERAGE PERCENT OF PHYSICIAN PAYMENTS TO TOTAL EXPENDITURES



BY YEARS



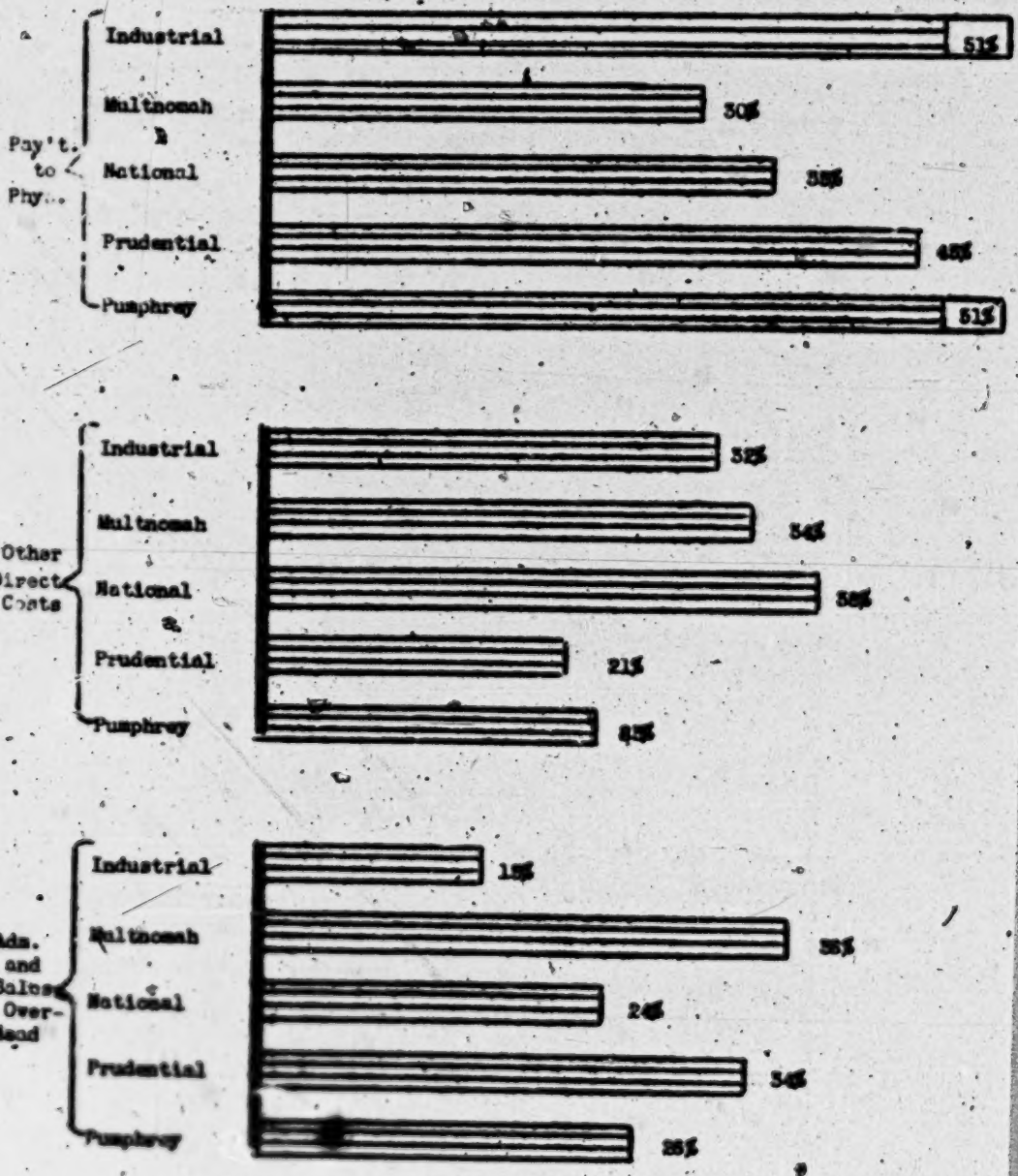
AVERAGE HOSPITAL ASSOCIATION COVERAGE FOR OREGON
1954
(Estimated on basis of income - $21.00 per person)
ALSO ANNUAL INCOME



Total Average Persons 41,487

Total Income $872,264

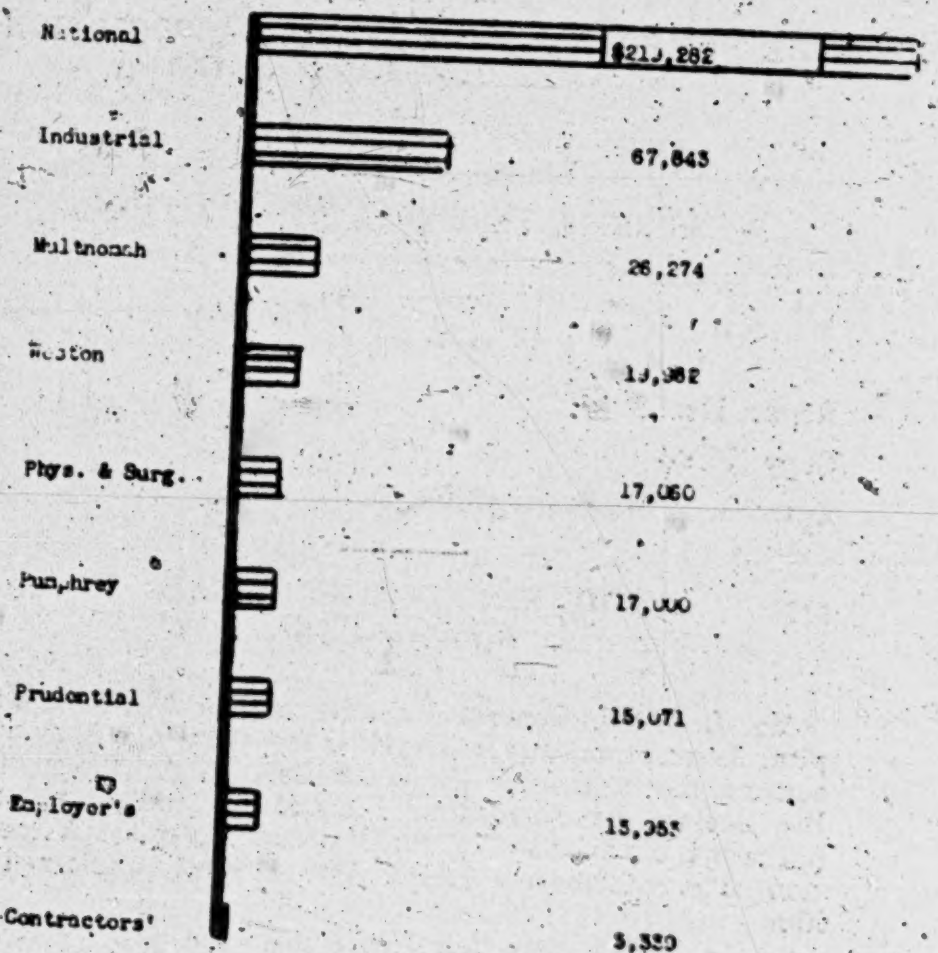
COMPARATIVE ANALYSIS OF DISBURSEMENTS - 1934
(Records Insurance Commissioner's Office)



Does not include "Mis. Overhead" in totaling all expenditures.

TOTAL ASSETS

Hospital associations in Oregon - 1934



Assets of Hillside (90,421) and Corvallis (125,051) not included because they are conducting a general hospital.

All companies are required to have $5000.00 in acceptable bonds as assets.

2716

Plaintiff's Exhibit 222

4174

Report No. 12

Special Committee of the
Multnomah County Medical Society

on

Medical Care for Low Income Groups

••••••••••••

Report on

THE PUMPHREY CO.—HOSPITAL ASSOCIATION
(Financial Data—Report No. 11)

and

Statement Concerning

NATIONAL HOSPITAL ASSOCIATION

••••••••••••

July 1, 1935

••••••••••••

Report No. 12

Copy No.: 4

Doctor: N. W. JONES (Signed)

4175

THE NATIONAL HOSPITAL ASSOCIATION

•••

Mr. Bechtold, General Manager of the National Hospital Association, was interviewed for about one hour concerning the request of the committee—to cooperate with the Society by furnishing information concerning the operating experiences of the National Hospital Association. The information desired was carefully explained to him.

Mr. Bechtold was courteous, frank, and firm as to his decision not to furnish the information.

Upon numerous occasions he has requested the cooperation of the society in attempting to solve medical matters

concerning his hospital association, in particular, and all hospital associations in general, but has not been able to get any cooperation.

He feels that the National has been the leader in affecting reforms concerning hospital associations without the aid of the Medical Society.

In view of the attitude of some members of the Medical profession, why should he throw his records open to them when they will not cooperate with his organization.

As an example, during the recent term of the legislature when he was attempting to have the bond limit raised from $5,000.00 to $15,000.00, he not only failed to receive the help of the society (through the Multnomah Industrial Health Association) but was double-crossed by the Multnomah in that, after agreeing to support the measure, its members used "back door" methods in influencing legislators to the extent that the measure was defeated.

This was an example of his dealings with the organized medical profession and he could not see his way clear to cooperate with the society in its request to investigate the operation of his firm.

4176 THE PUMPHREY COMPANY

***

GENERAL INFORMATION

A. Corporate

1. OFFICIAL NAME: The Pumphrey Company.
2. TYPE OF ORGANIZATION: Corporation operating for profit.
4. NAMES OF DIRECTORS OR TRUSTEES—TERMS: Mr. C. B. Pumphrey, Mrs. C. B. Pumphrey, Mr. Frank Hilton.
7. ARE DIRECTORS OR OFFICERS PAID EXTRA FOR THEIR SERVICES IN THIS CAPACITY? No.
8. IS CONTROL ENTIRELY IN HANDS OF MEDICAL PROFESSION? (1) No.
9. NET PROFIT OR LOSS EXPERIENCE: See Report No. 11.
10. DIVIDENDS PAID REGULARLY? Never paid.

B. Management

1. MANAGING DIRECTOR (2): C. B. Pumphrey.
2. SALES DIRECTOR AND SALESMEN: C. B. Pumphrey does all selling.
3. HEAD OF MEDICAL AND SURGICAL SERVICE: None.
4. NAMES OF COMMITTEES, IF ANY: None.
7. NAME OF ATTORNEY FOR ASSOCIATION: Frank Hilton
9. IF ANY CONCERNED IN MANAGEMENT ARE PHYSICIANS ON PANEL, DO THEY RECEIVE EXTRA COMPENSATION FOR SERVICE? No.
10. DOES MANAGEMENT HAVE RIGHT TO PLACE RESTRICTIONS ON PATIENTS IN THEIR CONTACT WITH PHYSICIANS? (2) Has the right, but never has. Wouldn't hold medical staff long if he did.

C. General

1. APPROVAL OF LOCAL MEDICAL SOCIETY: No.
3. ATTITUDE OF MANAGING DIRECTOR TOWARD THIS STUDY: Did not see why he should furnish information which would aid the Multnomah Industrial Health Association in running its business. Considers that association engaged in unfair practices for the purpose of putting the other associations out of business. Gave the impression that he thought it "nervy" for the Society to ask for confidential information under these circumstances, which would filter to competitors.

Says his organization does not consider the
4177 Multnomah Health Association a serious competitor and that it cannot survive as it isn't possible to do so with that type of an organization.

Mr. Pumphrey feels that some members of the medical profession are unduly agitated over the possibility of private practice being taken away by hospital associations. His firm is engaging in a coverage that would not benefit physicians in private practice as they are wage earners of too low a scale (with the exception of some executives which they have to carry.).

Special committee of Medical Society is one half composed of members of Multnomah Industrial Health Association; therefore, information could not possibly be confidential as they are officers of that association.

4. GEOGRAPHICAL AREA COVERED BY ACTIVITIES: Oregon and Washington. All activity within 100 miles.

HISTORICAL

1. MOTIVE FOR STARTING: Profit. To make a living. This is no different than "management" of Multnomah Industrial Health Association.
2. EARLY ORGANIZERS: Dr. W. B. Baton in addition to present (3) stockholders.
3. HAVE MOTIVES CHANGED SINCE EARLY PERIOD? No.

ANALYSIS OF FINANCIAL STATEMENTS, 1934—COMPLETE DETAILS

For Financial Data see Report No. 11.

ADMINISTRATIVE AND SALES OVERHEAD

See Report No. 11.

SALES POLICIES

B. CONTRACTS:

2. BASIS OF COMPENSATION TO SALESMEN: Mr. Pumphrey does selling.

C. SALES PROSPECTORS: Does not use one. Mr. Pumphrey does selling himself.

4178

UNDESIRABLE PRACTICES NECESSITATED BY COMPETING ASSOCIATIONS

A. OBTAIN LIST OF UNDESIRABLE PRACTICES EACH ASSOCIATION FEELS THE OTHERS IN THE FIELD ENGAGE IN:

A. Multnomah Industrial Health Association.
1. Attempting to stir up men covered under other association contracts.
2. Organizing doctors in counties to exclude them from other association panels.

B. No complaints against other Associations. Business conducted on a competitive basis and occasional "arguments" with associations (other than Multnomah) but they get together as competing business firms in other lines.

C. Does not see advantage of going into further unethical practices of Multnomah Industrial Health Association.

PUBLICITY POLICIES

B. NEWSPAPER ADVERTISING: No. Business cards only occasionally but not through own choice.

C. RADIO TALKS: No.

D. DIRECT MAIL: No.

E. HAND BILL DISTRIBUTION: No.

F. DISTRIBUTION OF LITERATURE THROUGH FIRMS: None.

G. DOES AN ADVERTISING AGENCY HAVE CHARGE OF ADVERTISING? No.

EPIDEMICS

A. PLAN FOR MEETING: None.

DATA CONCERNING CONTRACTS

Mr. Pumphrey did not care to give any information.

SCOPE OF MEDICAL CARE OR BENEFITS, WITH LIMITATIONS

Did not care to give data.

4179

HOSPITAL SERVICE

A. IS HOSPITAL SERVICE A PART OF COVERAGE? Yes.

B. WHO DECIDES "QUALIFIED" HOSPITALS? Contract.

C. DO APPROVED HOSPITALS HAVE "MEDICAL CONTROL" (5)? Not known.

D. DOES PATIENT HAVE A CHOICE OF HOSPITALS? Unless rates too high.

PREMIUM RATES

A. WERE STUDIES MADE TO DETERMINE PREMIUM LEVEL? No.

C. ARE PREMIUM RATES HIGH ENOUGH FOR PROPER COVERAGE? Yes.

D. IS THERE A PREMIUM SCALE ACCORDING TO INCOME? No.

E. IS THE SCALE BY OCCUPATIONAL HAZARDS? No, excepting S.I.A.C.

F. DO EMPLOYERS CONTRIBUTE—LIST OF EXCEPTIONS: S.I.A.C. Others not known.

COLLECTION OF PREMIUMS

A. DEDUCTED BY EMPLOYER? In all contracts.

B. CHECKS MADE TO ASSOCIATION BY INDIVIDUALS IN FIRM? Does not deal with individuals or Clubs or associations formed for the purpose of taking advantage of "insurance". Firm must sign contracts and payments are payroll deductions.

C. DELINQUENT PAYMENT EXPERIENCE: Personal information.

STATISTICAL FOR LAST FISCAL YEAR

Not available.

FINANCIAL ELIGIBILITY TO SERVICE (9) (Subscriber)

A. POLICY: No limit.

ELIGIBILITY TO SERVICE UNDER CONTRACTS —(Non-Financial)

A. EMPLOYEE ONLY? Yes, but not forced to restrict.

B. FAMILIES? No, but depends entirely whether management desires.

C. DOES ASSOCIATION HAVE A MINIMUM FOR SIZE OF ORGANIZATIONS WHO MAY OBTAIN CONTRACTS? Manager's judgment.

D. MAY INDIVIDUALS IN FIRMS REJECT SERVICES? Flexible in different contracts.

4180 QUALIFICATIONS FOR PHYSICIAN MEMBERSHIP IN ASSOCIATION

A. WHAT ARE QUALIFICATIONS? Carefully selected and licensed physician.

B. WHO APPROVES QUALIFICATIONS? Manager.

C. ARE ALL QUALIFIED PHYSICIANS PERMITTED TO GIVE ALL TYPES OF SERVICE (8)? Restricted to those employed.

E. ARE CHIROPRACTORS, OSTEOPATHS, NATUROPATHS, ETC., ADMITTED TO PANEL? No.

ORGANIZATION OF MEDICAL STAFF

No staff organization.

ABUSES TO ASSOCIATION BY PHYSICIAN MEMBERS

A. OVER TREATMENT: None as he would not retain physicians.

SELECTION OF PHYSICIAN BY PATIENT (3)

Limited to employed physicians.

COMPLAINTS BY RECIPIENTS OF SERVICE

A. ARE COMPLAINTS TAKEN UP WITH ATTENDING PHYSICIAN:
   1. BY LAY ADMINISTRATION: Managing-director, Mr. Pumphrey.

B. NUMBER OF LAW SUITS TO RECOVER, CLASSIFY BY CAUSES: Have had lawsuits.

ANALYSIS OF PAYMENTS TO PHYSICIAN MEMBERS

Information not available.

GENERAL QUESTIONS FOR DIRECTING HEAD OF ASSOCIATION

A. WOULD YOU INDICATE TO WHAT EXTENT YOU BELIEVE YOUR ORGANIZATION HAS INTERFERED WITH THE PRIVATE PRACTICE OF PHYSICIANS IN PORTLAND? Practically none. Added to income of several. Permitted to engage in private practice.

B. DO YOU FAVOR LIMITING COVERAGE ON CONTRACTS TO INDIVIDUALS OF LOW-INCOMES BELOW THE "COMFORT LEVEL"? STATE MAXIMUM FOR INCOMES. Not his problem. Income levels not going up. Only logical group is low income and that takes care of itself.

C. WOULD YOUR ORGANIZATION COOPERATE WITH THE MEDICAL PROFESSION BY PERMITTING A REVIEW, BY A DISINTERESTED COMMITTEE OF THE MEDICAL SOCIETY, OF ALL EXISTING AND FUTURE CONTRACTS TO DETERMINE IF THEY ONLY REACH THE LOW-INCOME GROUPS? No.

Plaintiff's Exhibit 223

4181 **REPORT OF BOARD OF CENSORS**
OF
MULTNOMAH COUNTY MEDICAL SOCIETY
to the
Council of the Society

re contract practice of Multnomah Industrial Health Association

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In performing the functions delegated to it by the Council, the Grievance Committee of the Society has investigated many angles of alleged unethical practices engaged in by members of the Society. Among the informal complaints received by officers of the Society and the Grievance Committee, have been complaints that the Multnomah Industrial Health Association (hereinafter called the "Association") has been conducting its contract practice contrary to the principles of medical ethics and that the doctors connected with this Association have likewise been engaged in unethical practices.

The Grievance Committee made a thorough investigation of these complaints. The investigation of the Grievance Committee was greatly facilitated by the cooperative attitude of the officers of the Association. The Grievance Committee and its representatives were given the opportunity to examine all the books, minutes, and records of the Association and to hold conferences with regularly designated representatives of the Association. The Association appointed a committee composed of some of its officers and directors who were directly connected with the administration of its policies and who on several occasions met with members of the Grievance Committee to discuss the complaints.

4182 The Grievance Committee selected an accountant, namely, R. Erickson, to examine the books and records of the Association and make a report on matters involved in the complaints. This report is attached hereto as Exhibit "3". The Grievance Committee also employed an attorney, namely, George W. Mead, who had no former connection with the Medical Society or its functions, to make an independent investigation of the affairs of the Association, and make a report. This report is attached hereto as Exhibit "4". The Association also turned over to

the Grievance Committee a copy of its regular contract, which is also attached hereto as Exhibit "3". The members of the Grievance Committee made personal investigations of charges of underbidding and solicitation and made a report to the Board of Censors regarding these matters.

After this intensive investigation by the Grievance Committee, the Board of Censors called a meeting on April 29, 1937, to make an informal investigation of the complaints against the Association. This preliminary investigation was held in the interests of conciliation and reformation, pursuant to Chapter I sections 6 and 7 of the By-Laws of the Society.

The following doctors were called and were present at this meeting:

Dr. Ray S. Stearns	Dr. Eugene P. Owen
Dr. W. H. Bueermann	Dr. J. Guy Strohm
Dr. F. H. Dammasch	Dr. F. Floyd South, and
Dr. George E. Henton	Dr. H. F. Leonard
Dr. Jos. D. Sternberg	Dr. W. J. Gilstrap
Dr. Birchard A. Van Loan	Dr. Lester T. Jones

Drs. Richard B. Adams and Stanley Lamb, members of the Grievance Committee of the Society also attended to present to the Board of Censors the complaints of alleged unethical practice. A stenographic transcript of the proceedings at this meeting is attached to this report as Exhibit "1".

4183 Dr. Adams, as Chairman of the Grievance Committee, stated at this meeting that certain types of complaints have been received against the Association, namely,

(1) solicitation of patients,

(2) advertising and distribution of circulars,

(3) underbidding,

(4) that free choice of physicians is prevented by the limited panel of the Association,

(5) certain actions contrary to sound public policy, particularly in regard to inclusion within the contract of the Association of persons having an income well above the comfort level, and

(6) that the Association, through mass bargaining with hospitals had received lower rates for their patients than are received by patients of individual doctors.

Taking up the evidence of individual charges of unethical conduct against the Association:

1. Solicitation. Representatives of the Association agreed that there had been solicitation of patients and industrial concerns by the Association. They stated, however, that no solicitation had been engaged in by the Association after July 1, 1936, and that no solicitation would be engaged in in the future. Prior to July 1, 1936, the Association had employed two solicitors and a sales manager, who received salaries, and in addition received a commission, based upon the number of contracts obtained by them. On July 1, 1936, these three men were discharged as solicitors and the practice of paying commissions has been entirely eliminated. One of the men who was formerly a solicitor is now on the pay-roll of the Association as an adjuster, but receives a flat salary, and no substantial evidence of solicitation since July 1, 1936 by this person or any other person has been presented to the Board of Censors.

4184 The specific charges of solicitation of Wentworth & Irwin, The Fields Motor Car Company and Newberry Co. were found to have taken place either before July 1, 1936 or at the instance and request of the employees of the firms allegedly solicited.

2. *Advertising and distribution of circulars.* The evidence presented to the Board of Censors shows that no advertising has been engaged in by the Association for several years. It also shows that the circulars which are attached hereto as Exhibit "2" were printed approximately in 1933 and have not been distributed or used by the Association for several years.

3. *Underbidding.* The evidence shows that the charges of underbidding in the case of Fields Motor Car Company were unfounded.

4. The evidence shows that the practices of the Association permits any member of the Society to participate under the conditions of the plan.

5. The evidence shows that in the past in some few instances, people who received an income above the so-called "comfort" level, have been covered by contracts of the Association. A correction of this condition has now been made, insofar as the Association has been able to ascertain income of subscribers.

6. The evidence shows that during the Spring of this year, the hospitals have raised the rates charged to patients of the Association to $3 a bed. Prior to that time the Association paid $2.57 a bed, for ward patients.

The Association also presented to the Board of Censors at this meeting a resolution adopted by the Board of Directors of the Association in regard to the policies agreed to be pursued by the Association. This resolution is attached hereto as Exhibit "6".

4185 This report is not to be interpreted by the council in any way as an approval of the Multnomah Industrial Health Association, or its practices, or doctors connected with the Association. The only function of the Board of Censors is to investigate specific complaints against members of the Society and determine whether or not these complaints are justified, without in any manner approving any future course of conduct by members of the Society or passing upon the policy or social utility of the practices involved.

The physicians named above were in a position to represent the entire panel of the Association. Their activities are representative of those of all other physicians connected with the Association, and the alleged unethical conduct of the others may be judged by their practices.

Respectfully submitted,

(Signed) CHARLES E. SEARS

(Signed) FRANK R. MOUNT

.....

Board of Censors
MULTNOMAH COUNTY MEDICAL SOCIETY

Plaintiff's Exhibit 224

OREGON PHYSICIANS' SERVICE

(Emblem)

DIVISION OFFICE 471 PITTOCK BLOCK
ATWATER 8691 PORTLAND 5, OREGON

TREATMENT REQUISITION

INDUSTRIAL ACCIDENTS ARE NOT COVERED

Date .....

Name Mr. Harold C. Holt Member since .....

Address 2000 W. 32 St., Chicago

Employe of Consolidated Freightways, Inc. Code No. ..... has paid dues for the period of .....; 19....., and requires treatment for:

(Check One)

☒ SICKNESS ☐ INJURY AWAY FROM WORK

Issued by .....

Signature of Subscriber (Signed) HAROLD C. HOLT

SUBSCRIBER! Present this requisition to the doctor at the time of your first call. In any emergency case please obtain requisition as soon as possible. If treatment is necessary for more than one calendar month, another requisition must be taken to the doctor.

DOCTORS! In the places provided below please enter (1) date of onset, (2) diagnosis, (3) itemized fees, (4) continuation of treatment, (5) your name and address.

SUMMARY OF BENEFITS

CHOICE OF DOCTORS. Ask for list of physicians in Oregon.

HOSPITAL. When ordered by staff physician.

MEDICINE. Only while patient is in hospital.

AMBULANCE. When ordered by staff physician.

Exclusions: Conditions active prior to coverage; Industrial accidents; metal diseases; examinations requiring certification; pregnancy or childbirth or their results;

pyorrhea; attempted suicide; venereal disease; injuries from professional boxing or wrestling; conditions from excessive use of narcotics or alcoholic beverages; nurse or ambulance for quarantinable or epidemic diseases.

SERVICES IN EMERGENCIES OR OUTSIDE OF OREGON. Only O.P.S. rates allowed.

1. Date of onset .....

2. DIAGNOSIS Chronic (Illegible)

3. Itemization of professional services:

DATE		FEES
	May 2, 1947	5.00
	May 5, 1947	3.00
	May 28, 1947	3.00
		11.00

4. Will treatment be continued next month?
☒ Yes ☐ No

5. (Signature illegible)
No. 4356 Fullerton
Attending Physician or Dentist
(If not M.D., give degree)

Nights, Sundays and Holidays Telephone ATwater 4175

Plaintiff's Exhibit 258

4187 THE MEDICAL REPORTER

Issued by the Committee of Publicity, OREGON STATE and MULTNOMAH COUNTY MEDICAL SOCIETIES.

Vol. 1 APRIL 1, 1935 No. 1

We have certain facts to present, facts that we consider important to all of the Medical profession in Oregon

• • •

WE SHALL DEVOTE OUR ATTENTION SOLELY TO LEGISLATIVE, SOCIAL AND POLITICAL PROBLEMS CONFRONTING THE PROFESSON

• • •

We would not knowingly mis-say or misrepresent any matter, nor misquote any individual. We are not concerned

with opinions and shall refrain from expressing any of the same. Subject to the limitations of space and our editorial judgment of the general character of the material presented, these columns are open to any doctor of the state who has a fact or facts to offer.

4188 • • • • •

A common feature of contract and panel practice is the insistence of the controlling bodies that only the cheapest drugs, dressings, and therapeutic measures be employed. Did we hear some official of the Multnomah Industrial Health objecting to certain therapies on the ground of expense? Or did we imagine it?

Plaintiff's Exhibit 260

4193 THE MEDICAL REPORTER

Issued by the Committee of Publicity
OREGON STATE MEDICAL SOCIETY

Vol. 1 SEPTEMBER 1, 1935 No. 7

PROGRAM

SIXTY-FIRST ANNUAL SESSION

OREGON STATE MEDICAL SOCIETY

September 19-20-21, 1935

HOTEL GEARHART, GEARHART, OREGON

• • •

Enjoy three delightful days
at Oregon's leading beach resort

COME FOR

Postgraduate Advantages—Fellowship
Golf and other recreation

• • •

Early reservation of hotel accommodations is urged
Communicate directly with the hotel management

4194 Registration and Issuance of Badges

Members should register at the registration desk in the lobby of the Hotel Gearhart as soon as they arrive at the meeting. Membership cards for 1935 should be pre-

sented at the time of registration, which means that annual dues must be paid prior to or at the time of registration. Each member will receive a badge when he registers.

Registration Fee for Non-Member Physicians

Physicians residing in Oregon who are not members of the Society will be charged a registration fee of $5.00. No registration fee will be charged members in good standing or out-of-state guests.

Press Representatives and Publicity

Accredited press representatives are welcome and they will be accorded every possible courtesy. All publicity is in the hands of the Committee on Public Education. All persons having matter of "news" value are requested to report it to this committee or to the Executive Secretary. It is especially desirable that all "news" about any phase of the session be given out through the official committee and in no other way.

Golf Tournament

The Ninth Annual Oregon Medical Golf Tournament will be held on Saturday, September 21st, at 2:00 P. M. An entrance fee of $1.00 will be charged. The permanent trophy will again be open to competition. This trophy must be won three times in order to entitle the holder to permanent possession. It is awarded annually for the lowest net score. Dr. W. B. Neal of Eugene won the trophy last year. Additional prizes will be offered for the runner-up in net score and for low gross score. The prizes will be awarded at a dinner to be held at the Hotel Gearhart following the tournament.

GUEST SPEAKERS

DR. HANS LISSER
Clinical Professor of Medicine
University of California Medical School
San Francisco, California

FRIDAY, SEPTEMBER 20TH—11:15 A. M.
"Pituitary-Adrenal Relationships"

SATURDAY, SEPTEMBER 21ST—11:15 A. M.
"Lantern Slide Clinic on Endocrine Disorders"

DR. HUBBARD T. BUCKNER
Industrial Surgeon
Seattle, Washington

THURSDAY, SEPTEMBER 19TH—2:00 P. M.
"Treatment of Supracondyloid Fractures of the Elbow"
FRIDAY, SEPTEMBER 20TH—2:00 P. M.
"Treatment of Fractures of the Spine"

4195

OFFICERS

President ..... A. M. Webster, Portland
President-Elect ..... G. A. Massey, Klamath Falls
First Vice-President ..... Karl H. Martzloff, Portland
Second Vice-President ..... W. J. Weese, Ontario
Third Vice-President ..... R. Wayne Espersen, Bend
Treasurer ..... Otis F. Akin, Portland
Secretary ..... Blair Holcomb, Portland
Trustee of the American Medical Association ..... Ralph A. Fenton, Portland
Delegate to the American Medical Association ..... Ralph A. Fenton, Portland
Alternate Delegate to the American Medical Association ..... E. L. Zimmerman, Eugene

COUNCILORS

First District: Multnomah and Clackamas—
T. Tharaldsen, Portland (1935)
Thomas Wynne Watts, Portland (1937)
Charles E. Sears, Portland (1937)
Second District: Washington, Columbia, Clatsop, Tillamook and Yamhill—
Frank E. Fowler, Astoria (1936)
Third District: Marion, Linn, Lane, Benton, Polk and Lincoln—
A. H. Ross, Eugene (1935)
Fourth District: Douglas, Josephine, Curry, Coos and Jackson—
Charles T. Sweeney, Medford (1936)
Fifth District: Jefferson, Crook, Deschutes, Klamath, Lake and Harney—
E. D. Lamb, Klamath Falls (1935)
Sixth District: Hood River, Wasco, Sherman, Gilliam, Morrow, Wheeler and Grant—
Thompson Coberth, The Dalles (1936)
Seventh District: Umatilla, Union, Wallowa, Baker and Malheur—
Joseph P. Brennan, Pendleton (1937)

Councilor-at-Large—
Helen A. Cary, Portland (1936)
Ex-Officio—
Retiring President William T. Johnson, Corvallis

STANDING COMMITTEES

Executive Committee of the Council

Chairman, A. M. Webster, Portland
Blair Holcomb, Portland
Otis F. Akin, Portland (1937)
Karl H. Martzloff, Portland (1935)
Charles T. Sweeney, Medford (1936)
G. A. Massey, Klamath Falls

Scientific Work

Chairman, Blair Holcomb, Portland
George E. Burget, Portland (1935)
Henry Garnjobst, Corvallis (1936)
Frank E. Fowler, Astoria (associate member)

Public Policy

Chairman, Thomas Wynne Watts, Portland (1936)
Blair Holcomb, Portland (1936)
Banner R. Brooke, Portland (1935)
W. B. Morse, Salem (1935)
Irvin R. Fox, Eugene (1937)
A. M. Webster, Portland
G. A. Massey, Klamath Falls

Publication

Chairman, A. G. Bettman, Portland (1937)
Charles E. Hunt, Eugene (1935)
Goodrich C. Schauffler, Portland (1936)

Medical Defense

Chairman, Frank E. Butler, Portland (1935)
Otis F. Akin, Portland (1937)
Charles E. Sears, Portland (1936)

Medical Education and Hospitals

Chairman, Karl H. Martzloff, Portland (1935)
M. M. Woodworth, Albany (1936)
W. J. Weese, Ontario (1937)

Chairman, T. Tharaldsen, Portland (1937)
Thompson Coberth, The Dalles (1935)
B. A. Van Loan, Portland (1937)
E. L. Zimmerman, Eugene (1936)
Richard F. Berg, Portland (1935)

Public Education

Chairman, Fred N. Miller, Eugene (1937)
L. Howard Smith, Portland (1935)
Howard P. Lewis, Portland (1936)

SPECIAL COMMITTEES

Cancer Control

Chairman, Otis B. Wight, Portland
Karl H. Martzloff, Portland, Vice-chairman
Frank E. Butler, Portland
W. B. Holden, Portland
Charles E. Sears, Portland
Thomas D. Robertson, Portland

Medical Advisory Committee to the State Relief Committee

Chairman, Thomas Wynne Watts, Portland
William T. Johnson, Corvallis
E. C. Dalton, St. Helens
G. A. Massey, Klamath Falls
W. B. Morse, Salem

Clinic and Institutional Medical Care

Chairman, S. G. Henricke, Portland
Russell H. Kauffman, Portland
Roy S. Stearns, Portland
Frank R. Mount, Portland
F. Bertram Zener, Portland

Military Affairs

Chairman, H. M. Greene, Portland
J. Guy Strohm, Portland, Vice-Chairman
J. H. Flynn, St. Helens
Dean P. Crowell, North Bend
Laban A. Steeves, Salem
W. H. MacDougall, Oswego
Kenneth G. Rew, Pendleton

Study of Use of Narcotics and Barbituric Acid Derivatives

Chairman, B. O. Woods, Portland
Henry H. Dixon, Portland
A. L. Severeide, Portland
Kenneth C. Lum, Portland
Wilson D. McNary, Portland
R. E. Lee Steiner, Salem

Conservation of Vision and Hearing

Chairman, A. B. Dykman, Portland
E. Merle Taylor, Portland
Lewa Wilkes Ager, La Grande
Wilson Johnston, Portland
W. W. Baum, Salem

Liaison—Woman's Auxiliary

Chairman, Charles E. Sears, Portland
Ralph A. Fenton, Portland
H. L. Averill, Portland
Charles T. Sweeney, Medford

Veterans' Affairs

Chairman, Archie C. Van Cleve, Portland
R. C. Faust, Eugene
E. B. Stewart, Roseburg
Fred Lieuallen, Bend
Laban A. Steeves, Salem
M. A. Kenney, Rainier
D. C. Stanard, Eugene
Byron G. Bailey, Grants Pass
J. H. Rosenberg, Prineville
Thomas E. Griffith, The Dalles
Joseph P. Brennan, Pendleton
A. F. Walter Kresse, Medford
M. R. Charlton, Tillamook
C. J. Bartlett, Baker
L. B. Bouvy, La Grande
M. M. Woodworth, Albany
H. R. Kauffman, Toledo
A. B. Peacock, Marshfield
E. D. Lamb, Klamath Falls

Honorary Membership

Chairman, Theodore W. Adams, Portland
R. J. Pilkington, Astoria
A. B. Peacock, Marshfield
William T. Johnson, Corvallis

Necrology

Chairman, A. C. Kinney, Seaview, Washington
A. W. Moore, Portland
A. E. Mackay, Portland
H. J. Clements, Salem

4197 1935 HOUSE OF DELEGATES

Presiding Officer, PRESIDENT A. M. WEBSTER

OFFICERS EX-OFFICIO MEMBERS

President ..... A. M. Webster, Portland
Past President ..... William T. Johnson, Corvallis
President-Elect ..... G. A. Massey, Klamath Falls
First Vice-President ..... Karl H. Martzloff, Portland
Second Vice-President ..... W. J. Weese, Ontario
Third Vice-President ..... R. Wayne Espersen, Bend
Treasurer ..... Otis F. Akin, Portland
Secretary ..... Blair Holcomb, Portland
Trustee of the American Medical Association .....
Ralph A. Fenton, Portland
Delegate to the American Medical Association.....
Ralph A. Fenton, Portland
Alternate Delegate to the American Medical Assn. .....
E. L. Zimmerman, Eugene

COUNCILORS EX-OFFICIO MEMBERS

First District—T. Tharaldsen, Portland (1935); Thos. Wynne Watts, Portland (1937); Charles E. Sears, Portland (1937)
Second District—Frank E. Fowler, Astoria (1936)
Third District—A. H. Ross, Eugene (1935)
Fourth District—Charles T. Sweeney, Medford (1936)
Fifth District—E. D. Lamb, Klamath Falls (1935)
Sixth District—Thompson Coberth, The Dalles (1936)
Seventh District—Jos. P. Brennan, Pendleton (1937)
Councilor-at-Large—Helen A. Cary, Portland (1936)

DELEGATES

Baker County Medical Society (1)—
C. J. Bartlett (G. G. Gordon)

Benton County Medical Society (1)—
R. L. Bosworth (Henry Garnjobst)

Central Oregon Medical Society (1)—
J. C. Vandevert (R. W. Hemingway) (C. J. Rademacher)

Central Willamette Medical Society (3)—
Melville Jones, Joel C. Booth, Ralph Herron, William T. Johnson (Leslie Kent, H. R. Kauffman, M. M. Woodworth, E. D. Furrer)

Clackamas County Medical Society (1)—
Not reported

Clatsop County Medical Society (1)—
Not reported

Columbia County Medical Soc. (1)—
R. G. MacDonald (J. H. Flynn)

Coos and Curry Medical Society (1)—
Russell Keizer (H. C. Eastland)

Douglas County Medical Society (1)—
Not reported

Eastern Oregon District Medical Society (2)—
W. J. Weese, James J. D. Haun (C. J. Bartlett, F. L. Ralston)

Jackson County Medical Soc. (1)—
A. F. W. Kresse (Gordon MacCracken)

Klamath and Lake Medical Society (1)—
E. D. Johnson

Lane County Medical Society (2)—
C. E. Hunt, George I. Hurley (L. S. Kent, E. D. Furrer)

Malheur County Medical Society (1)—
Not reported

Mid-Columbia Medical Society (1)—
Not reported

Multnomah Co. Medical Soc. (18)—
D. C. Burkes, Leon A. Goldsmith, Russell H. Kaufman, W. F. Hollenbeck, Eugene P. Owen, Banner R. Brooke, W. F. Patrick, Lester T. Jones, Karl Moran, Earl M. Anderson, Theodore W. Adams, L. P. Gambee, B. A. Van Loan, Roger Holcomb, John R. Montague, G. W. Millett, C. P. Wilson, F. E. Butler

Polk-Yamhill-Marion Med. Soc. (2)—
W. W. Baum, Ray M. Waltz (H. J. Clements, Gerald Smith)

Southern Oregon Medical Soc. (1)—
Harvey A. Woods (C. T. Sweeney)

Tillamook Co. Medical Soc. (1)—
David Robinson (R. E. Ringo)

Umatilla County Medical Society (1)—
Not reported

Union County Medical Society (1)—
C. L. Gilstrap (G. L. Biggers)

Wallowa County Medical Society (1)—
Not reported

Yamhill County Medical Society (1)—
Not reported

4198 COMPONENT SOCIETIES
of the
OREGON STATE MEDICAL SOCIETY

Baker County Medical Society—
President: C. L. Blakely, Baker
Secretary: G. G. Gordon, Baker

Benton County Medical Society—
President: R. L. Bosworth, Corvallis
Secretary: E. H. Kelley, Corvallis

Central Oregon Medical Society—
President: R. W. Hemingway, Bend
Secretary: J. W. Thom, Bend

Central Willamette Medical Society—
President: Ralph Herron, Brownsville
Secretary: Joel C. Booth, Lebanon

Clackamas County Medical Society—
President: E. R. Todd, Molalla
Secretary: W. R. Eaton, Oregon City

Clatsop County Medical Society—
President: S. A. Kleger, Astoria
Secretary: O. C. Hagmeier, Astoria

Columbia County Medical Society—
President: J. H. Flynn, St. Helens
Secretary: E. W. Parks, St. Helens

Coos and Curry Medical Society—
President: Osmar K. Wolf, Marshfield
Secretary: Ennis Keizer, North Bend

Douglas County Medical Society—
President: George E. Houck, Roseburg
Secretary: B. R. Shoemaker, Roseburg

Eastern Oregon District Medical Society—
President: F. L. Ralston, La Grande
Secretary: James J. D. Haum, La Grande

Jackson County Medical Society—
President: C. A. Haines, Ashland
Secretary: D. H. Findley, Medford

Klamath and Lake Medical Society—
President: F. C. Adams, Klamath Falls
Secretary: G. H. Adler, Klamath Falls

Lane County Medical Society—
President: Charles E. Hunt, Eugene
Secretary: E. D. Furrer, Eugene

Malheur County Medical Society—
President: C. E. Palmer, Ontario
Secretary: R. R. Belknap, Ontario

Mid-Columbia Medical Society—
President: Grace Young, The Dalles
Secretary: Leo V. Moore, The Dalles

Multnomah County Medical Society—
President: T. Tharaldsen, Portland
Secretary: W. F. Hollenbeck, Portland

Polk-Yamhill-Marion Medical Society—
President: W. W. Baum, Salem
Secretary: R. M. Waltz, Salem

Southern Oregon Medical Society—
President: E. D. Johnson, Klamath Falls
Secretary: E. A. Woods, Ashland

Tillamook County Medical Society—
President: M. R. Charlton, Tillamook
Secretary: David Robinson, Tillamook

Umatilla County Medical Society—
President: C. W. Thomas, Milton
Secretary: H. J. Flower, Milton

Union County Medical Society—
President: W. K. Ross, La Grande
Secretary: Lewa Wilkes Ager, La Grande

Wallowa County Medical Society—
President: J. B. Gregory, Wallowa
Secretary: A. F. Martin, Enterprise

Yamhill County Medical Society—
President: V. C. Staats, McMinnville
Secretary: A. G. Noble, McMinnville

Plaintiff's Exhibit 261

• • • • • •

Are You Listed?

4201 The 1937 edition of the A. M. A. Directory is now in course of preparation. It is very important that your name, address, specialty, and society affiliations be complete. Cards for obtaining this information were mailed by the American Medical Association to all physicians some months ago.

If you wish your name in capital letters in the new directory indicating that you are a member of the American Medical Association, you must be in good standing in the Oregon State Medical Society. All members of component medical societies are eligible to and should be members of the state society. If you have permitted your membership to lapse or are a newcomer to the state, you should by all means take steps immediately to place yourself in good standing.

The A. M. A. Directory is the recognized directory of the medical profession and is widely used by insurance companies and other organizations in checking applications for appointments. It is vital for you to be listed as a member of the state society and the A. M. A.

(This item is taken from the November 1, 1935 issue of the *Medical Reporter*.)

Plaintiff's Exhibit 262

4023 THE MEDICAL REPORTER

Issued by the Committee of Publicity

OREGON STATE MEDICAL SOCIETY

Vol. II NOVEMBER 15, 1935 No. 2

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

• • • • •

4205 *The Multnomah Industrial Health Association*

Q. What is the present status of the Multnomah County Medical Society and the Multnomah Industrial Health Association?

A. Well, as you probably know, the blanket approval of the association, given by the society at the time the hospital association was organized, was withdrawn by the council of the society. A motion to rescind this action came up at a subsequent council meeting. It was referred to a vote of the society as a whole and will be voted upon at the annual meeting of the society in December. About two months since, a study committee submitted a
4206 report, unfavorable in many respects to the hospital association. The association has protested the committee report and desires to answer in detail. A joint committee of six, three representing the society and three the association, are at present considering the future relations of society and association. It is likely that an agreeable solution of this matter may be evolved, prior to the annual meeting. If not, the annual meeting may be something else than a banquet.

• • • • •

Plaintiff's Exhibit 263

4207 THE MEDICAL REPORTER

Issued by the Committee of Publicity
OREGON STATE MEDICAL SOCIETY

Vol. II DECEMBER 1, 1935 No. 3

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4208 THE MULTNOMAH COUNTY MEDICAL SOCIETY WILL VOTE

When? At the annual meeting, December 18th. And what is there to vote upon? Upon the question of sustaining or rejecting the action of the council last September. What action? The withdrawal of the society's blanket approval of the Multnomah Industrial Health Association.

Also, at this meeting, the Society will elect a President-elect, a secretary, a treasurer, six councilors (to serve two years each), a Vice-President, and eighteen delegates to the State Society. At the same time the Society may express itself upon an amendment to the By-Laws, which has to do with life-memberships.

Who May Vote?

All active members of the society whose dues are paid for the current year.

Any Other Business?

This is the society's only business meeting. All other sessions of the society are purely scientific, except for the election of members, which function is carried on at any regular meeting as provided in the By-Laws. Any matter of business may be introduced at the annual meeting.

All other business of the society is transacted by the council of the society, which meets the first Tuesday in each month during the year, or at especially called meetings.

The council is the congress of the society and its actions are binding upon the society.

However, any action of the council may be referred to a vote of the society, as provided in the By-Laws. In such case, the action of the council under question, is voted upon at the annual meeting, by the society as a whole.

4209 *Who Are Members of the Conjoint Committee, at Present Considering the Relationship of the Multnomah Medical Society and the Multnomah Industrial Health Association?*

Appointed to represent the Multnomah Industrial Health Association are Drs. Joseph F. Wood, George E. Henton and Wallace F. Haworth. These men were appointed by Dr. Eugene P. Owen, the President of the Multnomah Industrial Health Asscciation.

Appointed to represent the Multnomah County Medical Society are Drs. Charles E. Sears, Homer T. Coffen, and Harry M. Bouvy. These men were appointed by Dr. T. Tharaldsen, the President of the Multnomah County Medical Society.

Will the Conjoint Committee Make a Report with Recommendations at the Annual Meeting of the Society?

It is possible that the Conjoint Committee may be able to get together in some amicable understanding and favor the society with recommendations concerning the future relationship of society and association. In the limited time between now and the annual meeting this seems impossible. If the Conjoint Committee cannot by that time report, its later report will come before the newly elected council for decision and action.

All council members much prefer that action on such momentous matters be decided by the society as a whole. This relieves the individuals of considerable personal responsibility and a certain generous measure of criticism, which seems always to arise whatever the action taken.

Present Officers of the Multnomah County Medical Society

Past-President	Dr. W. B. Holden
President	Dr. T. Tharaldsen
President-Elect	Dr. Banner R. Brooke
Vice-President	Dr. Andrew J. Browning
Secretary	Dr. Willard F. Hollenbeck
Treasurer	Dr. Adelbert G. Bettman

4210 *Members of the Council*

Term Expires	*Term Continues*
Dr. Samuel G. Henricke	Dr. Otis F. Akin
Dr. Howard E. Carruth	Dr. Franklin P. Johnson
Dr. Ivan M. Woolley	Dr. T. Homer Coffen
Dr. W. H. Bueermann	Dr. Roy A. Payne
Dr. Thos. W. Watts	Dr. Stuart H. Sheldon
Dr. Louis P. Gambee	Dr. D. C. Burkes

(Dr. Henricke was elected last year to fill out the unexpired term of Dr. Banner R. Brooke, whose position on the council became vacant when he become President-Elect.)

HOW NOMINATED

The council of the society as a whole is the Nominating Committee of the society, and its selections as nominess will be read at the meeting of December 4th. The members of the council do not nominate their own successors on the council. The latter are nominated at the annual meeting. ONLY THE CANDIDATES FOR THE MAJOR OFFICES ARE SELECTED BY THE COUNCIL OF THE SOCIETY.

There are eighteen members of the council of the society, seventeen entitled to vote, and the eighteenth member, the Society President, may vote to decide a tie vote on any question. Council meetings are very well-attended. Most council members are very faithful in attendance. It is not at all unusual to have every seat filled at a council meeting. Any member of the society may attend any meeting. At the invitation of the President the visiting member may join in the discussion. This invitation is practically always extended. The visitor may not vote.

Nominees for Delegates to the State Society are nominated and elected at the annual meeting. There are eighteen to be selected.

4211 SUMMARY.

Offices to be Filled at Annual Meeting.

Office	Incumbent
President-Elect	None
Vice-President	Dr. A. J. Browning
Treasurer	Dr. A. M. Bettman
Secretary	Dr. W. F. Hollenbeck
Councilor	Dr. S. G. Henricke

Office	Incumbent
Councilor	Dr. H. E. Carruth
Councilor	Dr. I. M. Woolley
Councilor	Dr. W.H. Bueermann
Councilor	Dr. T. W. Watts
Councilor	Dr. L. P. Gambee

Dr. W. B. Holden ends his term as Past President and automatically retires from the Council. Dr. T. Tharaldsen graduates from President to Past President, and remains a Council member. Dr. B. R. Brooke becomes President of the Society. The Society's choice as President-elect will become President of the Society next year.

* * * * *

Plaintiff's Exhibit 264

4212 THE MEDICAL REPORTER

Issued by the Committee of Publicity
OREGON STATE MEDICAL SOCIETY

Vol. II DECEMBER 15, 1935 No. 4

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4213 AN ACKNOWLEDGMENT

As the last issue of "The Medical Reporter" for the current year goes to press, the Committee on Publicity of the Oregon State Medical Society desires to issue a statement concerning our publication.

"The Reporter" is published by authority of the Council under the supervision and control of Dr. G. A. Massey, our president. It is his brain-child and was established at his request before he became president.

A committee of several members has carried on the work of producing "The Reporter" from issue to issue. Many pens have assisted in producing the subject-matter.

The real hard jobs of soliciting advertising, obtaining copy fighting with the printers, reading proof, and attending to delivery and mailing, as well as many other onerous duties, have been the unrewarded labor of Dr. Banner R. Brooke.

Dr. Brooke has given unstintingly of his time and energy. He has assumed the blame for many things for which the committee on publicity has been responsible. We will not find many who will give so generously to the common cause.

Dr. Brooke is unaware that the committee has composed this brief hymn of praise. If he did, it would never get into type. But, fortunately, he is out on the golf course this Saturday afternoon.

Dr. Brooke has informed us that he will have less time for "The Reporter" after he becomes president of the Multnomah County Medical Society next week. We shall miss his energetic and unselfish service. We thank him sincerely for the big job he has done and wish him a most successful administration as president of his local society.

4215 WE HAVE READ IT FOR YOU

All members of the Multnomah Society have received copies of recent reports of the Judicial Council of the American Medical Association. But, as usual, they haven't been read. How about a few excerpts? Remember, these are the decisions of our Supreme Court.

If you like them in tabloid form, here are some highlights:

Solicitation of Patients

Solicitation of patients by physicians as individuals, or collectively in groups by whatsoever name these be called, or by institutions or organizations whether by circulars or advertisements, or by personal communications, is unprofessional.

"The ethical principles actuating and governing a group or clinic are exactly the same as those applicable to the individual. As a group or clinic is composed of individual doctors, each of whom, whether employer, employee, or partner, is subject to the principles of ethics here elaborated the uniting into a business or professional organization does not relieve them either individually or as a group from the obligation they assume when entering the profession."

Concerning Lay-Controlled Group Practice

"It is unprofessional for a physician to dispose of his professional attainments or services to any lay body, organization, group or individual, by whatever name called, or however organized, under terms or conditions which permit a direct profit from the fees, salary or compensation received to accrue to the lay body or individual employing him. Such a procedure is beneath the dignity of professional practice, is unfair competition with the profession at large, is harmful alike to the profession of medicine and the welfare of the people and is against sound public policy."

4216 *Concerning Health and Hospital Associations (However Controlled)*

A number of communications have been received during the year concerning questions of ethics involved in the organization and operation of so-called health associations or hospital associations which, through paid solicitors or otherwise, solicit members. These "members" are, of course, prospective patients. The general plan being used by these groups embraces the payment of nominal membership dues, for which medical and surgical services, or in some instances medical, surgical and hospital services, are promised when needed. The Judicial Council has not been able to arrive at any definite conclusion with respect to the motives behind the organization of some of these groups. It is of the opinion, however, that in some instances promises are made that cannot be carried out because it is utterly impossible for adequate medical service, to say nothing of surgical and hospital service, to be delivered for the sum realized through the collection of nominal membership dues. The Principles of Medical Ethics of the American Medical Association specifically condemn the solicitation of patients whether by individual physicians, by groups, by institutions, or by organizations of physicians. The Judicial Council is of the opinion, therefore, that, so far as these health or hospital associations are organized for the purpose of soliciting patients, they are distinctly unethical. It goes without saying that for any organization of any kind to offer, for an agreed stipend, more than the reasonable worth of that which offered, is wrong in principle; and physicians should guard themselves against being connected with such organizations.

Demoralizing Effect of So-Called "Altruistic Schemes"

Many persons imbued with an altruistic spirit are often led to do things which a more careful analysis would
4217 have convinced them was not really altruistic, for that which is altruistic must be for the common good, and therefore could not be against public policy. But how can a corporation organized for the purpose of treating disease and relieving human suffering be against public policy? Certainly not in its intentions nor in the good which it might do to a few. It must be, therefore, in the fact that the harm which it does to the community as a whole outweighs the good which it may do a few. When an individual (or a corporation) starts out to do good he should consider carefully whether the immediate good done is not more than outweighed by ultimate harm to those supposed to be benefited as well as harm to those composing another group in society, or to society as a whole. In present case, the institution does harm to the individual, to the medical profession, and to the community. No direct harm can be said to be done to the individual by treating him for his venereal disease free or for a very nominal sum if he is honestly unable to pay for his services, but when this same treatment is given to individuals who are able to pay legitimate fees to physicians as is constantly being done by this institution, then great harm is done, not only to the individual, but also to physicians and to the community. To give at public expense that for which the individual is able to pay is an ultimate harm, notwithstanding the fact that to some it may appear to be an immediate good. It is not a charity to provide for those who are able to provide for themselves because it relieves those individuals of a part of their obligations in life which it is their duty to fulfill. It certainly needs no argument to show that mistaken charity of that kind, if carried to any extent, must inevitably lead to decadence of the people. The direct harm done the medical profession by an institution of this kind cannot be overlooked, nor is it an evidence of selfishness on the part of physicians to attempt to defend themselves against such gross injustice.

4218 *Corporation Practice*

With regard to the practice of medicine by corporations, it is the opinion of the Judicial Council, based on present evidence, that such practice is detrimental to the best interests of scientific medicine and of the people

themselves. When medical service is made impersonal, when the humanities of medicine are removed, when the coldness and automaticity of the machine are substituted for the humane interest inherent in individual service and the professional and scientific independence of the individual physician, the greatest incentive to scientific improvement will be destroyed and the public will be poorly served.

Contract Practice

There are certain points, that may be formulated which, when present, one or more of them, definitely determine a contract to be unfair or unethical. These may be stated as follows:

1. When the compensation received is inadequate based on the usual fees paid for the same kind of service and class of people in the same community.
2. When the compensation is so low as to make it impossible for competent service to be rendered.
3. When there is underbidding by physicians in order to secure the contract.
4. When a reasonable degree of free choice of physicians is denied those cared for in a community where other competent physicians are readily available.
5. When there is solicitation of patients directly or indirectly.

4219 *Who May Act, If Local Societies Do Not?*

Public confidence in our avowed declarations for medical control over things medical cannot be successfully cultivated or maintained unless we exclude or remove from the ranks of our organized profession those who ignore our ethical code, especially as it applies to the true professional spirit in our relations with each and every patient. It is apparent that the very democracy of our existing set up may become involved unless our county and state societies rapidly develop to meet adequately local situations, arising from the professional activities of a small but thoughtless or indifferent proportion of members. If the societies will not exercise their prerogative or discharge their duties in this connection, will it become advisable to extend the disciplinary functions now resting in the county society to the state association and possibly to the national administration? History, tradition and our constitution stand for

local control, but the public policy of our Association has become such that we cannot turn back from it and ethical problems of major importance are pressing for solution.

Our Local Responsibility

The Council wishes to be distinctly understood that it is suggesting no infringement on or release from responsibilities now residing in the component county medical societies. On the contrary, its idea is to assist and complement those societies in performance of the duties now imposed on them and to supplement their activities by methods applicable to conditions and situations too general or too large to be handled within their limited jurisdiction. We recommend to the House of Delegates the urgency of prompt and firm action by all component societies in enforcement of the provisions of the Principles of Medical Ethics that will support the growth of public confidence in the sincerity of our avowed ethical principles.

4221 QUESTIONS REFERRED TO THE GENERAL SOCIETY BY THE COUNCIL

Shall the action of the Council on July 31, 1935, withdrawing the Society's approval of the Multnomah Industrial Health Association be sustained?

Yes. I vote to sustain the action of the Council.

No. I vote against sustaining the action of the Council.

Shall the report of the Committee on the Study of Medical Care for Low-Income Persons be adopted?

Yes. I vote for the adoption of the report.

No. I vote against the adoption of the report.

Election of Officers

PRESIDENT-ELECT (vote for one)

Akin, Otis F. (Nominated by the Council).

VICE-PRESIDENT (vote for one)

Hollenberk, W. F. (Nominated by the Council).
Sheldon, S. H. (Nominated in general society meeting).

SECRETARY (vote for one)

Adams, John C. (Nominated by the Council).
Van Loan, B. A. (Nominated in general society meeting).

TREASURER (vote for one)

Bettman, Adalbert G. (Nominated by the Council).
Bisaillon, Marr. (Nominated in general society meeting).

COUNCILLORS FOR 2-YEAR TERM ENDING IN 1937

(All nominations from the floor. Write six names)

COUNCILOR FOR UNEXPIRED TERM ENDING IN 1936

(To fill the vacancy created by the election of Otis F. Akin to the office of President-Elect)

(All nominations from the floor. Write one name)

DELEGATES TO THE OREGON STATE MEDICAL SOCIETY

(All nominations from the floor. Write eighteen names)

4222 QUESTIONS AND ANSWERS

Q. I understand that the Council of the Multnomah County Medical Society has withdrawn its approval of the Multnomah Industrial Health Association, and that at our annual meeting on December 18 the Society will, by vote, express approval or disapproval of this action. So far as I know, no reason has ever been given for the Council's action. Surely the membership should be informed of the reason. May we be told, or was there no reason, save personal bias and antagonism?

A. Those members of the Council who were responsible for the withdrawal of Council approval, signed a statement of their reasons for so doing. We are glad to print it herewith, copied from the Secretary's minutes.

STATEMENT

Inasmuch as some question has been raised concerning the action of the Council on July 30, 1935, in withdrawing the approval granted the Multnomah Industrial Health Association on November 15, 1932, it appears desirable to set forth the reasons why this action was a duty abounden on the members of the Council.

A brief history of the entire matter is necessary in order to understand the situation with which the Council was confronted.

On October 18, 1932, the then Council adopted a resolution recognizing the problem faced by persons with low incomes in financing medical and hospital care and asking the general society to authorize the Council to consider and

approve a periodic payment plan for the care of such persons. The resolution further provided that in approving a plan the Council was to assure itself that certain requirements for the protection of the best interests of the public and the medical profession had been met. Of these promulgated requirements, two are especially pertinent to the present discussion:

4223 (1) That the plan be limited to the care of wage-earners in the designated classification (meaning the "low-income" classification).

(2) That the plan be limited to the care of wage-earners who have agreed with their employers to the payment of necessary charges by monthly deductions from salary or wages.

The resolution proposed further to provide that the Council might grant a certificate of approval to an organization which conformed to the stated requirements.

This resolution was in essence a request from the Council to the general society, from which the authority of the Council is derived, to authorize it to approve a periodic payment plan subject to the stated conditions and to no other conditions. This resolution was adopted by the general society on October 19, 1932, and the definitely circumscribed authority sought by the Council as set forth in the resolution was granted.

The Council then had in its possession authority to grant approval to an organization operating a periodic payment plan, but this authority carried with it a definite mandate that such approval might only be granted provided the specified requirements had been met by the organization. The function of the Council was therefore strictly limited to applying the stated criteria to any organization seeking approval. It had no authority or discretion to alter these requirements.

On November 15, 1932, the Council had before it, in the form of a letter, an application for approval from the Board of Directors of the Multnomah Industrial Health Association. This letter referred to the resolution previously adopted by the Society and stated that the Directors of the Association had carefully reviewed the stated requirements and that they believed their organization fulfilled "each and all of the conditions for approval".

4224 The letter expressly stated that formal application for approval was made "under the terms and conditions of the resolution".

The letter then continued with a list of "outstanding features of our plan or organization" in which the first six of the seven stated requirements were covered by declarations which substantially reproduced the language of the resolution.

With regard to the seventh requirement "that the plan be limited to the care of wage-earners in the designated (low-income) classification who have agreed with their employers to the payment of necessary charges by monthly deductions from salary or wages and that no individual wage-earner or family, as such, be eligible to receive the contemplated service", the letter stated that "the plan is at the present time limited to wage-earners in the group who earn $1,500.00 per year or less".

The Council called attention to the fact that this statement evaded the requirement which declared individuals or families were not to be eligible to any approved periodic payment plan. The Council thereupon voted to postpone action on the application for one week.

On November 22, 1932, a second letter from the Multnomah Industrial Health Association was before the Council. This letter reported the adoption by the Multnomah Industrial Health Association of the following amendment to its laws:

> 44. In the conduct of its business this corporation shall not solicit the business or patronage of individuals or families either directly or indirectly.

The Council thereupon voted to approve the periodic payment plan of the Multnomah Industrial Health Association. It must be borne in mind, however, that in granting this approval the Council was acting as the agent for the general society in applying the seven requirements set forth in the resolution adopted by the Society on October
4225 19, 1932. The approval was based upon the declaration of the Multnomah Industrial Health Association that its plan met the seven requirements in all particulars and that its plan would be limited to wage-earners with incomes of $1,500 per year or less.

At the time approval was granted, the Multnomah Industrial Health Association had not yet placed its plan in active operation. The action of the Council, in granting approval to the M.I.H.A. was based on specific declarations of that association that the seven requirements laid down by the general society would be met and that the income limitation of $1,500 per year would be observed.

After the plan had been placed in active operation, it was soon apparent that the Multnomah Industrial Health Association was not living up to the agreement made with the Council acting as the agent of the general society. Executives earing far in excess of the agreed income level of $1,500 were permitted to receive service under the plan. Somewhat later the school teachers were accepted. This action violated not only the agreement relating to the agreed income level but also the seventh requirement laid down by action of the general society, and agreed to by the M.I.H.A. when the Council granted approval, which provided that the plan must be limited to the care of wage-earners who have agreed with their employers to the payment of necessary charges by monthly deductions from wages.

At no time was any arrangement made with the employer, which in this case was School District No. 1. The teachers were not even taken as a group through their own professional organizations which, as associations, declined to adopt the plan. The teachers were thereupon solicited by individual schools, in some cases a single teacher in a given school constituting the group. The action was of course a clear violation of the seventh requirement both from
4226 the standpoint of the agreed income-level as well as the provision against contracting with individuals.

Inasmuch as the Council had received specific instructions from the general society, as to the requirements which must be met before the Council could legally grant approval to a periodic payment plan, it follows that the Council was legally bound to withdraw approval immediately when these requirements had been violated. The Council had no other course open and its delay in acting until July 30, 1935, was a serious breach of duty and probably illegal. During this entire period of default, the Council had been guilty of conduct in public affairs would be regarded as non-feasance in office (a failure to act).

The Council has in effect permitted the Multnomah Industrial Health Association to rewrite requirement seven in whatever manner the Association has deemed expedient to do so. Even the Council does not have authority to alter the stated requirements which, as previously pointed out, constitute instructions from the general society. The effect of the failure of the Council to act has placed affairs in the ridiculous situation in which the Multnomah Industrial Health Association has been permitted to assume the legislative powers of the general society in matters of broad policy which affect not only those of our members who are

stockholders in the M. I. H. A. but also those of our members who are not stockholders in this outside organization.

There were only two courses open to the Council: One to withdraw approval and the other to rewrite Requirement Seven as laid down by the general society to bring it into conformity with the actual policy of the M. I. H. A. and ask the general society to adopt it, thus giving the Council authority to approve the present practices of the M. I. H. A. To rewrite Requirement Seven to accomplish this purpose it would need to read as follows:

4227 That the plan may include wage-earners earning up to $3,000 per year. Such wage-earners may agree with their employers to the payment of necessary charges by monthly deductions from salary or wages, or may form subscriber groups of any of their number and make the necessary payments directly to the organization operating the periodic payment plan; furthermore, if the organization operating the periodic payment plan deem it expedient the plan may be extended to individuals.

The attention of the Council is called to the fact that the Multnomah Industrial Health Association has entered into contracts for the care of persons in several counties outside the jurisdiction of this society. Is the Multnomah County Medical Society to continue to be placed in the position of approving an organization whose operations affect the practice of medicine in other parts of the state?

The charter of the Multnomah County Medical Society provides that we are to assume jurisdiction of medical affairs in Multnomah County. We have no right to interfere in the affairs of the medical profession of other counties which are under the jurisdiction of the local medical society in each county.

We call your attention to the fact that the orignal resolution adopted by the society authorizing the Council to approve a periodic prepayment plan and the subsequent approval of the Multnomah Industrial Health Association by the Council are probably illegal, for the reason that the plan as operative has included the solicitation of patients contrary to the Principles of Ethics of the American Medical Association which are a part of the Constitution of the Multnomah County Medical Society (Article X).

The action approving the Multnomah Industrial Health Association in effect amended the Constitution without following the procedure provided for amendment.

4228 Q. I am told that the Society will vote at our annual meeting on the question of approving or disapproving the report of the Committee on the study of medical care for low income persons. How can we vote on a report we were never permitted to see? Or will it be read at the annual meeting?

A. A copy of this report has been mailed to every member of the Medical Society long since. Anyone who has failed to receive a copy should call the Medical Society Exchange (At. 4175) and ask for one. It will be sent at once. It was the opinion of the Medical Reporter (he is not presumed to have opinions—he is only supposed to tell facts) that every member of the Society had long ago studied this report. (Are we to be entertained at the annual meeting, by a request from the floor for the reading of this lengthy document, on the plea that someone has never even heard of it? Pleasant evening!)

This report, which is usually called the "Martzloff report", represents the findings of a committee appointed over a year ago by Dr. W. B. Holden, who was then President of our Society. The appointed members of this committee were Dr. Otis F. Akin, Dr. Raymond Staub, Dr. A. M. Webster, Dr. W. K. Livingstone, Dr. Noble Wiley Jones and Dr. Karl Martzloff. The first three were members of the M. I. H A. The latter three were not. They were empowered to select a seventh member. Dr. W. E. Patrick was so chosen. These seven comprised the committee.

Ralf Cough, of the Medical School, was engaged to assist the committee in gathering the necessary data. Specifically the study comprised: 1. Differences of opinion concerning the policies of the M. I. H. A. 2. The application of the "Ten Principles" of the A. M. A. to local conditions. 3. Consideration of such other problems in connection with the above as the committee deemed desirable.

4229 It cost close to a thousand dollars to gather the data. The committee studied the facts for almost a full year. The unanimous report was signed by every member of the committee.

Get a copy from the office at once, and read it. Over twice as many copies of this report have been made as there are Society members. There are some left. The Society will make more if necessary. The Medical Reporter regrets that the length of this document prevents its publication in our little magazine.

* * * * * * *

Plaintiff's Exhibit 265

4230 THE MEDICAL REPORTER

Issued by the Committee of Publicity
OREGON STATE MEDICAL SOCIETY

Vol. II JANUARY 1, 1936 No. 5

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4231 MULTNOMAH COUNTY MEDICAL SOCIETY

Officers and Councilors for 1936

President ..... BANNER R. BROOKE, *Medical-Dental Building*
President-Elect ..... OTIS F. AKIN, *Medical Arts Building*
Vice-President ..... W. F. HOLLENBECK, *Medical-Dental Building*
Secretary ..... JOHN C. ADAMS, *Medical-Dental Building*
Treasurer ..... A. G. BETTMAN, *Medical Arts Building*

Councilors (term expires in 1937):

J. B. BILDERBACK, *Medical Arts Building*
ROBERT L. BENSON, *Medical-Dental Building*
MERLE MARGASON, *Mayer Building*
FRANK R. MOUNT, *Medical Arts Building*
STANLEY LAMB, *Medical Arts Building*
LOUIS P. GAMBEE, *Medical-Dental Building*

Councilors (term expires in 1936):

D. C. BURKES, *Medical Arts Building*
FRANKLIN P. JOHNSON, *Medical Arts Building*
S. H. SHELDON, *Selling Building*
ROY A. PAYNE, *Studio Building*
CHARLES E. SEARS, *Medical Arts Building*
T. HOMER COFFEN, *Stevens Building*
Ex-Officio—T. THARALDSEN, *Journal Building*

Delegates to the Oregon State Medical Society

FREDERICK A. KIEHLE
GUY L. BOYDEN
HOMER P. RUSH
L. HOWARD SMITH
A. B. DYKMAN
EARL DUBOIS
RAYMOND E. WATKINS
N. W. JONES
2143 CHARLES P. WILSON
IRVING M. LUPTON
RICHARD B. ADAMS
H. V. H. THATCHER
KENNETH P. LANCEFIELD
F. BERTRAM ZENER
MARTIN A. HOWARD
JOHN R. HAND
ALBERT W. HOLMAN
LEON A. GOLDSMITH

4232 A RESOLUTION

Introduced at the Council Meeting, January 6th, 1936

By DR. ROBT. L. BENSON

We, the present Council of the Multnomah County Medical Society, announce the following platform of principles upon which we hereby pledge ourselves to stand throughout the present year:

1. Each member of this Council, being an officer of the Multnomah County Medical Society, considers himself an integral part of the official family of the Oregon State Medical Society and of the American Medical Association, of which organizations our society is a component.

2. At this, our first meeting, we hereby reaffirm our allegiance to the Oregon State Medical Society and to the American Medical Association.

3. We are cognizant of the tremendous effort of our parent national association to gather the most comprehensive data possible concerning recent departures in medical practice, the innumerable problems of medical economics, and medico-political trends and influences.

4. We are conscious of the fact that these new departures are fraught with danger to the continued existence

of high-type medical practice and that they can only be successfully dealt with by the united effort of the entire medical profession.

5. We firmly believe that in dealing with these trends, the policy of the American Medical Association, which has been formulated after prolonged consideration by a representative and democratic House of Delegates, marks out the wisest course in the circumstances.

4233 6. This Council, therefore, in conformity with the well-considered policy of our national association, does hereby adopt the following resolutions:

WHEREAS, our national association has announced its determination to stand staunchly for the private, independent practice of medicine, for the reason that under this system national health and scientific medical practice alike have thrived, the results in both respects having become the envy of the entire civilized world; and

WHEREAS, we are convinced that this very desirable situation is in great measure due to the general practitioner of medicine, to the deservedly much-loved family doctor, whose enviable position in all communities we gladly recognize as our greatest asset and whose future we are most desirous to defend;

THEREFORE, BE IT RESOLVED, (1) that we pledge the strictest fidelity to our national ethical medical code;

(2) That we acknowledge the wisdom of the decision of our national association to stand for the private, independent, professional practice of medicine;

(3) That we shall protect and defend the personal physician-patient relationship, which we regard as the sine qua non of scientific, professional medical practice; and

BE IT FURTHER AND FINALLY RESOLVED, that in moving toward the accomplishment of these aims and purposes we shall endeavor to carry on our relations justly and unprejudicially with all members of the society, regardless of past affiliations, delinquencies or defaults.

Note: This resolution was passed unanimously.

Meeting of Council of the Oregon State Medical Society
Campbell Court Hotel

Thursday, January 9th, 6:15 P. M.

Plaintiff's Exhibit 266

4239 THE MEDICAL REPORTER

Issued by the Committee of Publicity
OREGON STATE MEDICAL SOCIETY

Vol. II MARCH 1, 1936 No. 9

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4240 FROM THE BY-LAWS OF THE STATE SOCIETY

CHAPTER VII (THE COUNCIL)

Section 2. . . . . The Council shall be the Board of Censors of the Society. It shall consider all questions involving the rights and standing of members, whether in relation to other members, to the component societies or to this Society. All questions of an unethical nature brought before the House of Delegates or the general meeting shall be referred to the Council without discussion. It shall hear and decide all questions of discipline affecting the conduct of members of component societies, on which an appeal has been taken from the decision of a county or district society. Its decision in all cases, including questions regarding membership in this Society shall be final.

CHAPTER XII.

(COUNTY AND DISTRICT SOCIETIES)

Section 4. Any physician who may feel aggrieved by the action of his county or district society in suspending or expelling him, shall have the right to appeal to the Council, whose decision shall be final. A county or district society shall at all times be permitted to appeal or refer questions involving membership to the Council of the state society for final determination.

AND AT THE SAME MEETING:

The following motion was made and unanimously passed:

We, hereby move that the Council of the Multnomah County Medical Society, authorize its Committee on Constitution, to draw up an amendment which shall in proper parliamentary order be submitted to the Council and Members of the Society for approval.

This agreement shall contain the following items:

1. A rule that in each membership application form, from now on, received by the Council of the Multnomah County Medical Society, there shall be a statement
4270 that the applicant agrees voluntarily to withdraw from the Multnomah County Medical Society and forfeit all the rights and privileges that are inherent in such membership whenever he shall knowingly engage in any contract practice, other than such contract practice as may be listed as having the approval of the American Medical Association and the state and local societies.

2. This amendment shall include provisions by which a poll be taken of the existing members of the Society, to obtain signatures to a similar agreement of all those who are willing voluntarily to submit to the same agreement.

* * * * *

4271 * * * * *

THE ALMIGHTY

After all, why have we Hospital Associations among us? The lure of money, currency, cash, the medium of exchange? We think so. We know of no other reason. It is the itch of avarice that compels men to exchange principle for pelf, barter away their ethics, abandon fair play and become the professional hirelings of a lay master. How prideful must they feel!

It is most interesting to observe the attitude of the medical intrepreneur toward his vassal, and the cringing servility of the sycophant toward his employer. One could not expect it to be otherwise. It is the master-servant relationship. How shameful the spectacle! That some professional men should so prostitute themselves and so betray their high calling—for pieces of silver.

No wonder men call it "The Almighty Dollar."

(This exhibit is part of the March 15, 1936 issue of *The Medical Reporter.*

Plaintiff's Exhibit 270

4261 WRITE YOUR OWN TICKET

(Strike out the words that do not express your sentiments. Read the balance. The Medical Reporter has always wished to print an article that anyone may peruse with satisfaction and delight.)

HOSPITAL ASSOCIATIONS

are insurance organizations, offering to the underwage public a practical prepayment plan of medical care. As such they have relieved the doctors of a great load of unpaid or underpaid service. The scheme has given employment to many members of the profession, has proven a boon to the employer and an unqualified blessing to the laboring classes. It is the great bulwark against state medicine.

commercialize the profession of medicine. Hospital association practice involves advertising, solicitation of clientele, undignified competition, lay participation (often lay-control), destruction of the physician-patient relationship and of the principle of free choice of physicians. The growth of such institutions leads straightway to state medicine. Such has been the history of every country.

THE MEDICAL PROFESSION OF MULTNOMAH COUNTY

should unanimously support the Multnomah Industrial Hospital Association. The M. I. H. A. offers the only method of shaking off the Hospital Association yoke. It will certainly soon end all Hospital Association practice. The participa-

4262 tion of so many ethical physicians in the plan has convinced the public that here is an organization that has none of the evils which exist in the commercial hospital association groups.

cannot countenance an organization which indulges in all of the practices of other commercial hospital associations. The M. I. H. A. offers nothing that the commercial hospital associations have not offered for over twenty-five years. The participation of so large a number of ethical physicians in such a plan, convinces the public that the profession approves of the scheme, sells many more new people on hospital association coverage and in all respects supports and encourages the form of practice that it was organized to destroy.

THE MAJORITY OF THE MULTNOMAH COUNTY SOCIETY

approves of the plan, but has been thwarted and hampered in its public-spirited effort by a schemeing, conniving minority of medical politicians. These latter are minions of the commercial hospital associations and have no slightly regard for the general good of medical practice. Their activities are in behalf of the very associations that the M. I. H. A. has vowed to destroy. Their tactics henceforth, no doubt, will be continued resistance to the M. I. H. A. and all possible aid and comfort to the enemy. These prejudiced and self-seeking medical politicians deal in innuendo, subterfuge and false propaganda, when they impugn the motives and condemn the activities of the high-minded leaders of the M. I. H. A.

4263

disapproves of the plan, but was prevented from expressing its views at the last annual meeting, when the spokesman of the M. I. H. A. sought a postponement to prevent an unfavorable vote. The leadership of the M. I. H. A. has no slightest regard for the welfare of medical practice. Control of a hospital association, which has been financed by the gullible profession, has been their desire, and this ultimate has been achieved. Their tactics now, no doubt, will be continued delay to any general expression of society sentiment and a smoke-screen of charges, personalities and mis-statements concerning the fair-minded individuals who represent the opposition. These selfish proponents of a hair-brained scheme will stop at nothing, whatever the cost to the profession, in the vainglorious satisfaction of their egomania.

FUNDAMENTALLY

the present situation represents a duel to the death between the specialists and the g e n e r a l practitioners of medicine. Who are the specialists? Merely doctors who claim to have specialized abilities along certain lines. They have achieved huge practices and great wealth from the cases that general practitioners have referred to them. They get salaries, fees and emolument from commercial hospital associations and consequently fight the M. I. H. A. because the latter organization is surely destined to destroy their meal tickets.

the M. I. H. A. movement arose out of the ambitions of certain individuals for power and leadership. By the grace of easy-money confreres these lesser lights find themselves at the throttle of an hundred-thousand dollar a year machine. It is a fine engine to drive. It has tremendous destructive potentialities but it is great fun—for t h o s e in the driver's seat. Its motive power is furnished by those who love to labor for little, and they get it. Hear their leaders c h e e r them on "Bend to the oars, boys. Next quarter we expect to pay 51% less than enough."

4264 IN CONCLUSION, MY FRIENDS

do not be deluded by certain biased individuals, of selfish motive and evil intent. Know the facts as here presented and do not be swayed by the whispering campaign of falsehood that seeks to blind you to the true issues now before us. Medicine is on trial. Oregon is on trial. You are on trial. Stand pat!

in view of the facts here presented, you cannot fail to comprehend the serious situation that confronts us. There is call for vigorous and immediate action. Do not be swayed by the campaign of villification and abuse that has been launched against us. The cause of medicine is on trial. So are you. So is America. Get busy. Act now!

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Plaintiff's Exhibit 271

4272. SOME GENERAL PROFESSIONAL AND SOCIAL RELATIONS

It has already been noted that sickness insurance is one phase of the final results of the tendency of an industrial civilization to force a recalcitrant profession into industrial patterns. The "status" of a profession is to be destroyed by placing its members in the "contract" relation of employees of an industrial organization which will distribute medical services according to commercial principles. The personal relation of patient and physician is to be supplanted by a purely "cash nexus," such as now forms the only connection between the purchaser and the producer of shoes, clothing, food and other commodities.

This means the destruction of the essentials of professional life. Therefore every profession has resisted, with all its strength, every such effort to force it to follow the evolution of industry. Not alone physicians but lawyers, artists, the clergy, architects and all members of professions have insisted that there are certain conditions involved in professional status which, if destroyed, also destroy the value of the profession's services and its contribution to society.

Among these essentials of professional status are control of its standards of preparation, work and ethics by a professional association, the unrestricted right of each individual to exercise his own judgment as to his work within the limits of professional and legal control, and the maintenance of personal relations between the member of the profession and those whom he serves.

That certain evils have sometimes followed the exercise of this individual liberty in all professions is freely admitted. These evils are generally due to invasions of commercialism and relaxation of professional control. They are aggravated by every additional effort to substitute commercial for professional control.

4273 These standards have been maintained by some of the professions for many centuries through various transformations in the industrial, political and social environment. Whenever one of these environments has succeeded in destroying these standards, not only the profession but also the society in need of the professional services has suffered.

ARE WE TO HAVE A NEW FRATERNITY

The Medical Reporter Portland, Oregon

Dear Editor:

More and more it becomes apparent that ethical medicine will live on. Fundamental principles of sound medical practice will prevail either within or without our duly constituted medical organizations. Nominally the regulations of our existing medical societies call for strict observance of the Principles of Medical Ethics. A large majority of physicians believe in and religiously observe these principles in their daily practice. If our local and state medical societies demonstrate a continuing inability to make the "Principles" effective, we can without question look forward to the organization of unofficial organizations which might be termed "fraternities," the membership of which will pledge themselves to and will strictly observe in practice the traditional principles of scientific medicine. Such action, which is rumored to be imminent, at least in the Portland district, will mean that fee-splitters, consultant-consorters with chiropractors and naturopaths, hospital association consultants, and similar sub-standard strata of our profession will be forced to fly their true colors. Whether the Greeks had a word for them I don't know, but organized labor has a short one which is pregnant with meaning. The word in question is "scab."

I think it is timely to mention this drift of affairs in order that all our brethren may have ample notice of the choice which lies before them.

A PORTLAND PHYSICIAN.

(This exhibit is part of the April 15, 1936 issue of *The Medical Reporter.*)

Plaintiff's Exhibit 272

4275 THE MEDICAL REPORTER

Issued by the Committee of Publicity

OREGON STATE MEDICAL SOCIETY

Vol. II JULY 1, 1936 No. 15

This Publication is issued bi-weekly during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4276 PROGRAM

Multnomah County Medical Society

RECONVENING OF RECESSED 1935 ANNUAL MEETING OF DECEMBER 18, 1935

Wednesday, July 1, 1936, 8 P. M.
Turn Verein Hall, 1130 S. W. 13th Avenue

The following questions referred to the general society by the Council are pending and will be taken up for consideration at this meeting.

1. Shall the report of the Martzloff committee be adopted?
2. Shall the action of the Council on July 1, 1935, withdrawing the Society's approval of the Multnomah Industrial Health Association be sustained?

At the invitation of the Council of the Multnomah County Medical Society and the Council of the Oregon State Medical Society, and with the approval of the Board of Trustees of the American Medical Association.

DR. MORRIS FISHBEIN
Editor of the Journal of the American Medical Association
will address the meeting on

"ORGANIZED MEDICINE AND NEW FORMS OF MEDICAL PRACTICE"

4277 "ORGANIZED MEDICINE DOES NOT FEAR THE COURT HOUSE"

In this succinct language an officer of the Texas State Medical Association replied not long ago to a threat of a law-suit against his society. The threat was made by representatives of a clinic whose members were on trial for unethical contract practice. Needless to say this threat, which is usually made by unethical groups when organized medicine moves in to enforce the Principles of Medical Ethics, was never carried out. The group in question were suspended indefinitely from their local medical society, whose action was sustained by the Texas State Medical Association.

It has come to the attention of the Medical Reporter that some individuals have implied that the officers and members of the Multnomah County Medical Society will render themselves liable to court action if they persist in their efforts to enforce the Principles of Medical Ethics and the Constitution and By Laws of the Society.

If it be true that it is "treading on dangerous ground" to attempt to preserve the principles of professional ethics, we are confident that each and every member charged with his duty will courageously make the march. The Medical Reporter deplores this covert effort to intimidate the membership.

We are soon to meet in a common effort to decide an issue upon which there is a sincere difference of opinion. Cheap political tactics will not serve to clarify the situation. Rather, constructive efforts to bring to the attention of our members the unadorned facts of the case should be the objective of all those who sincerely desire a proper solution. Parliamentary gymnastics will waste our time and becloud the issue. Calm and intelligent discussion will be necessary to reach a mutual agreement. As a democratic organization, majority opinion must prevail. The
4278 shadow of the court house should not influence the formulation of a policy by a professional organization.

LAYMEN LOOK TO MEDICAL ORGANIZATION TO CORRECT UNETHICAL PRACTICES

A public official, in conference upon a matter of medical economics recently, held that the plan of medical organization was weak in that the standards of ethics in county so-

cieties vary with the level required by the membership of each local unit. This, he added, cannot readily be corrected as long as the local members are indifferent to or approve of unethical practices. He suggested that if medical organization cannot or will not correct this defect and apply its efforts to the maintenance of desirable standards, it might better place itself under the supervision of The Better Business Bureau, Chamber of Commerce, or some similar group.

That which makes the individual ethical and fair, without conscious deliberation, lives in the fibre of that individual and; viewed from a moral, intellectual, or spiritual approach, is to some degree an unteachable quality. The interests of the whole group, and of the public as well as those of the individual, make it necessary that certain ethical standards be set up, rules of behavior defined, and certain stringencies of group requirements imposed. These can be taught, and should assist the individual to that form of self-discovery by which he may see himself in his relation to fellow-members of his profession and the public which he serves. The Principles of Medical Ethics contain definite economic implications, as pointed out by the Bureau of Medical Economics in "Economics and the Ethics of Medicine."

The conduct of the individual in the economics of medicine is rightfully of interest to fellow-physicians. The
4279 attitude of county medical societies toward unethical conduct and unfair economic practice is a matter of interest to other Component Societies, to the State Association, and to American Medical Association. The responsibility of each is clear. In the politico-social organization of government, the acts of individuals or small groups may unfavorably affect national attitudes.

The attention of the membership of component societies should be directed to the amendment to the By-Laws of the Association, which extends the power of the Judicial Council in matters of fellowship and medical ethics so that it "shall have authority . . . . to request the President to appoint investigating juries to which it may refer complaints or evidence of unethical conduct which in its judgment are of greater than local concern. Such investigating juries, if probable cause for action be shown, shall report with formal charges to the President who shall appoint a Prosecutor who, in the name and on behalf of the American Medical Association, shall prosecute the charges

against the accused before the Judicial Council. The Council shall have the power to acquit, admonish, suspend or expel the accused." The language and purpose of the action is clear. Organized medicine can fix ethical standards and insist upon their observance by all its members.

Most physicians are guided by high ethical principles. To one who is responsive to the best traditions of medicine and to the nobility of character and sincerity of purpose which have created its ideals, the reflection of unethical conduct upon the Profession is humiliating and intolerably offensive.

(This exhibit is part of the May 1, 1936 issue of *The Medical Reporter.*)

Plaintiff's Exhibit 273

4284 THE MEDICAL REPORTER

Issued by the Committee of Publicity

OREGON STATE MEDICAL SOCIETY

Vol. III OCTOBER 1, 1936 No. 4

PROGRAM

Sixty-Second Annual Session

OREGON STATE MEDICAL SOCIETY

October 8-9-10, 1936

THE DALLES, OREGON

• • •

Enjoy three delightful days
of Eastern Oregon's Indian Summer

COME FOR

Postgraduate Advantages—Fellowship
Golf and other recreation

• • • •

Early Reservation of hotel accommodations is urged
Communicate directly with the hotel management

4285 • • • • • •

Registration and Issuance of Badges

Members should register at the registration desk in the lobby of the Wasco County Court House as soon as they arrive at the meeting. Membership cards for 1936 should be presented at the time of registration, which means that annual dues must be paid prior to or at the time of registration. Each member will receive a badge when he registers.

Registration Fee for Non-Member Physicians

Physicians residing in Oregon who are not members of the Society will be charged a registration fee of $5.00. No registration fee will be charged members in good standing or out-of-state guests.

• • • • • •

4286 OFFICERS

President.....G. A. Massey, Klamath Falls

President-Elect.....Thomas Wynne Watts, Portland

First Vice-President.....W. J. Weese, Ontario

Second Vice-President.....O. C. Hagmeier, Astoria

Third Vice-President.....J. C. Vandevert, Bend

Treasurer.....Otis F. Akin, Portland

Secretary.....Morris L. Bridgeman, Portland

Trustee of the American Medical Association.....
.....Ralph A. Fenton, Portland

Delegate to the American Medical Association.....
.....John H. Fitzgibbon, Portland

Alternate Delegate to the American Medical Association....
.....J. Guy Strohm, Portland

COUNCILORS

First District: Multnomah and Clackamas—
Charles E. Sears, Portland (1937)
Blair Holcomb, Portland (1938)
Karl H. Martzloff, Portland (1937)

Second District: Washington, Columbia, Clatsop, Tillamook and Yamhill—
Frank E. Fowler, Astoria (1936)

Third District: Marion, Linn, Lane, Benton, Polk and Lincoln—
Charles E. Hunt, Eugene (1938)

Fourth District: Douglas, Josephine, Curry, Coos and Jackson—
Charles T. Sweeney, Medford (1936)

Fifth District: Jefferson, Crook, Deschutes, Klamath, Lake and Harney—
E. D. Lamb, Klamath Falls (1938)

Sixth District: Hood River, Wasco, Sherman, Gilliam, Morrow, Wheeler and Grant—
Thompson Coberth, The Dalles (1936)

Seventh District: Umatilla, Union, Wallowa, Baker and Malheur—
Joseph P. Brennan, Pendleton (1937)

Councilor-at-Large—
Helen A. Cary, Portland (1936)

Ex-Officio—
Retiring President A. M. Webster, Portland

4287 STANDING COMMITTEES

Executive Committee of the Council

Chairman, G. A. Massey, Klamath Falls
Thomas Wynne Watts, Portland
Morris L. Bridgeman, Portland
Charles T. Sweeney, Medford
Otis F. Akin, Portland
Karl H. Martzloff, Portland

Scientific Work

Chairman, Morris L. Bridgeman, Portland
Thomas E. Griffith, The Dalles
C. L. Ogle, Grants Pass

Public Policy

Chairman, Thomas Wynne Watts, Portland
Vice-Chairman, A. M. Webster, Portland
W. B. Morse, Salem
Irvin R. Fox, Eugene

William T. Johnson, Corvallis
J. C. Vandevert, Bend

Publication

Chairman, Goodrich C. Shauffler, Portland
Karl H. Martzloff, Portland
A. G. Bettman, Portland

Medical Defense

Chairman, Frank E. Butler, Portland
Otis F. Akin, Portland
Charles E. Sears, Portland

Medical Education and Hospitals

Chairman, W. F. Hollenbeck, Portland
M. M. Woodworth, Albany
W. J. Weese, Ontario

State Industrial Affairs

Chairman, T. Tharaldsen, Portland
Thompson Coberth, The Dalles
E. D. Lamb, Klamath Falls
B. A. Van Loan, Portland
E. L. Zimmerman, Eugene

Public Education

Chairman, Fred N. Miller, Eugene
D. C. Reynolds, Corvallis
Howard P. Lewis, Portland

SPECIAL COMMITTEES

Revision of Constitution and By Laws

Chairman, W. F. Hollenbeck, Portland
W. M. Barendrick, McMinnville
James J. D. Haun, La Grande
C. O. Wainscott, Pendleton
L. A. Bollman, Dallas

Cancer Control

Chairman, Charles E. Sears, Portland
Vice-Chairman, Otis B. Wight, Portland
Karl H. Martzloff, Portland
Wallace Haworth, Portland

Louis P. Gambee, Portland
Thomas D. Robertson, Portland
J. Guy Strohm, Portland

Medical Advisory Committee to the State Relief Committee

Chairman, Thomas Wynne Watts, Portland
O. C. Hagmeier, Astoria
F. C. Adams, Klamath Falls
R. Gordon MacDonald, St. Helens
A. H. Huycke, Oregon City

Conservation of Vision

Chairman, A. B. Dykman, Portland
Helen A. Cary, Partland
A. C. Seely, Roseburg
Frederick A. Kiehle, Portland
Irving M. Lupton, Portland
Ralph W. Stearns, Klamath Falls

Conservation of Hearing

Chairman, Paul Bailey, Portland
W. W. Baum, Salem
Lester T. Jones, Portland
Wilford H. Belknap, Portland
Squire S. Bozorth, Portland
Lewa Wilkes Ager, La Grande
Ernest A. Woods, Ashland

4288 *Clinic and Institutional Medical Care*

Chairman, S. G. Henricke, Portland
G. C. Bellinger, Salem
Frank R. Mount, Portland
Roy S. Stearns, Portland
Charles P. Wilson, Portland

Military Affairs

Chairman, H. M. Green, Portland
Vice-Chairman, J. Guy Strohm, Portland
J. H. Flynn, St. Helens
Dean P. Crowell, North Bend
Laban A. Steeves, Salem
W. H. MacDougall, Oswego
Kenneth G. Rew, Pendleton
C. J. Bartlett, Baker

Liaison—Woman's Auxiliary

Chairman, Charles E. Sears, Portland
Ralph A. Fenton, Portland
Charles T. Sweeney, Medford
J. C. Vandevert, Bend
E. D. Furrer, Eugene

Maternal Welfare

Chairman, Raymond E. Watkins, Portland
Carl W. Emmons, Salem
Goodrich C. Schauffler, Portland
Grant S. Beardsley, Eugene
Albert Mathieu, Portland
G. L. McBee, Pendleton
C. L. Blakely, Baker

Veterans' Affairs

Chairman, Archie C. Van Cleve, Portland
Vice-Chairman, Fred Lienaller, Bend
R. C. Faust, Eugene
E. B. Stewart, Roseburg
Laban A. Steeves, Salem
M. A. Kenney, Rainier
D. C. Stanard, Eugene
Byron G. Bailey, Grants Pass
J. H. Rosenberg, Prineville
Thomas E. Griffith, The Dalles
Joseph P. Brennan, Pendleton
A. F. Walter Kresse, Medford
M. R. Charlton, Tillamook
C. J. Bartlett, Baker
L. B. Bouvy, La Grande
M. M. Woodworth, Albany
H. R. Kauffman, Toledo
A. B. Peacock, Marshfield
E. D. Lamb, Klamath Falls

Honorary Membership

Chairman, D. C. Burkes, Portland
E. J. Wainscott, Roseburg
W. G. Homan, Burns
E. D. Everett, Lakeview
A. O. Pitman, Hillsboro

Conference Committee on Roentgenological Service to the State Industrial Accident Commission

Chairman, Frank E. Butler, Portland
Dorwin L. Palmer, Portland
J. H. Garnjobst, Salem

Advisory Committee on Federal Survey of Disabling Illness

Chairman, C. H. Manlove, Portland
Ralph A. Fenton, Portland
John H. Fitzgibbon, Portland

Advisory Committee on Laboratory Standards to the State Board of Health

Chairman, C. H. Manlove, Portland
Frank R. Menne, Portland
Robert L. Benson, Portland
Emma M. Howe, Portland

Necrology

Chairman, A. C. Kinney, Seaview, Washington
George E. Houck, Roseburg
Andrew C. Smith, Portland
F. J. Schuster, Tillamook

HEAR DR. OLIN WEST

Secretary of the American Medical Association

on

"Medical Ethics and Dangerous Trends in Medical Practice"

4289 1936 HOUSE OF DELEGATES

Presiding Officer, PRESIDENT G. A. MASSEY

OFFICERS, Ex-Officio Members

President ..... G. A. Massey, Klamath Falls

Past-President ..... A. M. Webster, Portland

President-Elect ..... Thomas Wynne Watts, Portland

First Vice-President ..... W. J. Weese, Ontario

Second Vice-President ..... O. C. Hagmeier, Astoria

Third Vice-President ..... J. C. Vandevert, Bend

Treasurer ..... Otis F. Akin, Portland

Secretary ..... Morris L. Bridgeman, Portland

Trustee of the American Medical Association .....
Ralph A. Fenton, Portland

Delegate to the American Medical Association .....
John H. Fitzgibbon, Portland

Alternate Delegate to the American Medical Association ....
J. Guy Strohm, Portland

COUNCILORS Ex-Officio Members

First District—Charles E. Sears, Portland (1937), Blair Holcomb, Portland (1938); Karl H. Martzloff, Portland (1937)

Second District—Frank E. Fowler, Astoria (1936)

Third District—Charles E. Hant, Eugene (1938)

Fourth District—Charles T. Sweeney, Medford (1936)

Fifth District—E. D. Lamb, Klamath Falls (1938)

Sixth District—Thompson Coberth, The Dalles (1936)

Seventh District—Joseph P. Brennan, Pendleton (1937)

Councilor-at-Large—Helen A. Cary, Portland (1936)

DELEGATES

Baker County Medical Society (1)—A. W. Tiedeman (C. J. Bartlett)

Benton County Medical Society (1)—R. L. Bosworth (E. H. Kelley)

Central Oregon Medical Society (1)—Not reported

Central Willamette Medical Society (1)—J. C. Booth (William T. Johnson)

Clackamas County Medical Society (1)—Albert Mount (William O. Steele)

Clatsop County Medical Society (1)—R. J. Pilkington (S. A. Kleger)

Columbia County Medical Society (1)—J. H. Flynn

Coos and Curry Medical Society (1)—Russell Keizer (A. B. Peacock)

4290 Douglas County Medical Society (1)—Not reported
Eastern Oregon District Medical Society (2)—F. L. Ralston, James J. D. Haun

Jackson County Medical Society (1)—C. A. Haines (F. G. Swedenburg)

Klamath and Lake Medical Society (1)—E. D. Johnson (George I. Wright)

Lane County Medical Society (2)—George I. Hurley, E. L. Zimmerman (L. S. Kent, E. D. Furrer)

Malheur County Medical Society (1)—Not reported

Mid-Columbia Medical Society (1)—Not reported

Multnomah County Medical Society (18)—Frederick A. Kiehle, Guy L. Boyden, Homer P. Rush, L. Howard Smith, A. B. Dykman, Earl DuBois, Raymond E. Watkins, N. W. Jones, Charles P. Wilson, Irving M. Lupton, Richard B. Adams, H. V. H. Thatcher, Kenneth P. Lancefield, F. Bertram Zener, Martin A. Howard, John R. Hand, Albert W. Holman, Leon A. Goldsmith

Polk-Yamhill-Marion Medical Society (2)—Hugh A. Dowd, Ray M. Waltz (W. W. Baum, Gerald B. Smith)

Southern Oregon Medical Society (1)—E. D. Johnson (Harvey A. Woods)

Tillamook County Medical Society (1)—David Robinson (L. L. Hoy)

Umatilla County Medical Society (1)—Not reported

Union County Medical Society (1)—Not reported

Wallowa County Medical Society (1)—Not reported

Yamhill County Medical Society (1)—W. H. Barendrick or Chester A. Bump (H. J. Alvis or E. H. Barendrick)

COMPONENT SOCIETIES
of the
OREGON STATE MEDICAL SOCIETY

Baker County Medical Society—
President: A. W. Tiedeman, Baker
Secretary: G. G. Gordon, Baker

Benton County Medical Society—
President: E. W. Howard, Corvallis
Secretary: S. A. Roe, Corvallis

Central Oregon Medical Society—
President: C. J. Rademacher, Bend
Secretary: J. W. Thom, Bend

Central Willamette Medical Society—
President: Melville S. Jones, Springfield
Secretary: W. H. Chapman, Eugene

Clackamas County Medical Society—
President: E. R. Todd, Molalla
Secretary: W. Ross Eaton, Oregon City

Clatsop County Medical Society—
President: O. C. Hagmeier, Astoria
Secretary: W. H. Cone, Astoria

4291 Columbia County Medical Society—
President: M. A. Kenney, St. Helens
Secretary: R. G. McDonald, St. Helens

Coos and Curry Medical Society—
President: Vern Hamilton, Bonanza
Secretary: Ennis Keizer, North Bend

Douglas County Medical Society—
President: G. E. Houck, Roseburg
Secretary: B. R. Shoemaker, Roseburg

Eastern Oregon District Medical Society—
President: C. O. Wainscott, Pendleton
Secretary: Gilbert L. McBee, Pendleton

Jackson County Medical Society—
President: F. G. Thayer, Medford
Secretary: Harvey A. Woods, Ashland

Klamath and Lake Medical Society—
President: L. L. Truax, Klamath Falls
Secretary: J. M. Hilton, Klamath Falls

Lane County Medical Society—
President: G. I. Hurley, Eugene
Secretary: E. D. Furrer, Eugene

Malheur County Medical Society—
President: C. E. Palmer, Ontario
Secretary: R. R. Belknap, Ontario

Mid-Columbia Medical Society—
President: J. M. Odell, The Dalles
Secretary: Ethel Gasman, The Dalles

Multnomah County Medical Society—
President: Banner R. Brooke, Portland
Secretary: John C. Adams, Portland

Polk-Yamhill-Marion Medical Society—
President: H. A. Dowd, Salem
Secretary: R. M. Waltz, Salem

Southern Oregon Medical Society—
President: E. B. Stewart, Roseburg
Secretary: E. A. Woods, Ashland

Tillamoook County Medical Society—
President: E. B. Huckleberry, Tillamook
Secretary: David Robinson, Tillamook

Umatilla County Medical Society—
President: C. W. Thomas, Milton
Secretary: H. J. Flower, Milton

Union County Medical Society—
President: Webster K. Ross, La Grande
Secretary: Lewa Wilkes Ager, La Grande

Wallowa County Medical Society—
President: J. B. Gregory, Wallowa
Secretary: A. F. Martin, Enterprise

Yamhill County Medical Society—
President: V. C. Staats, McMinnville
Secretary: A. G. Noble, McMinnville

DON'T FORGET YOUR GOLF CLUBS!

Plaintiff's Exhibit 274

4294

ANNUAL MEETING

MULTNOMAH COUNTY MEDICAL SOCIETY

Crystal Room, Hotel Benson

Wednesday, December 16, 1936, 7:00 P. M.

* * *

PROGRAM

Dinner and Entertainment
Reading of Minutes
Reports of Officers, Committees and Council
Election of Officers, Councilors and Delegates
Induction of New Officers
Annual Address of Retiring President
Miscellaneous Business

* * *

ELECTION OF OFFICERS

Nominations of the Council

PRESIDENT-ELECT ..... Robert L. Benson

VICE-PRESIDENT ..... Karl H. Martzloff

SECRETARY ..... Howard P. Lewis

TREASURER ..... Adalbert G. Bettman

COUNCILORS For Two-Year Term Ending in 1938
All nominations from the floor. Six to be elected

COUNCILOR For Unexpired Term Ending in 1937
Vacancy created by the election of Robert L. Benson, President-elect.

DELEGATES to the Oregon State Medical Society
All nominations from the floor. Eighteen to be elected

4295

WHAT IS IT ALL ABOUT?

Frequent requests for information concerning the present status of affairs within the ranks of the Multnomah County Medical Society have been made by various physicians in the past few days. The rank and file seem to feel that they are not informed as to what the "society"

is doing, has done or intends to do. The question is asked, "What do 'they' intend to do now?"

In any attempt to clarify the situation, it must be remembered that the "Medical Society" is its membership. It is a democratic organization. It's policies, rules, restrictions, and all its activities should and in the long run *must* reflect the expressed wishes of the membership. "Expressed wishes"—expressed or voted in regular or special sessions—majority opinion—or the formal conclusions of regularly and duly appointed committees charged with specific duties. These committees are the only practical solution for the handling of many details which the membership as a body, formally convened, does not have time to consider.

However, the Medical Society is its membership and conducts its policies in accordance with the wishes of a majority of its membership. If the membership suffers a change of heart, then it must so express itself in regular session. Sporadic curbstone mutterings of discontent cannot be afforded official recognition.

To understand the present situation, one must recall that economic forces making themselves felt subsequent to the 1929 depression led to an intensive examination 4296 of social and economic problems by the entire world.

Various social institutions undertook a minute examination of their own affairs, and their relations, with society in general.

Physicians in surveying their position discovered that several major trends, perceptible for some years past, but intensified by the general economic crisis, had assumed proportions which seriously threatened their ability to continue to provide the high-type service characteristic of American medical care.

Many new forms of medical practice, interested largely in the economic phases of the prevailing depression and relatively unmindful of the factors essential to the maintenance of a high quality of medical care, rapidly began to assume purely commercial aspects. The medical profession viewed with alarm the growing tendency to introduce commercial practices into the profession of medicine. They had long since learned that such common commercial practices as advertising, soliciting, underbidding and interference with a free choice of physicians soon lead to general deterioration in the quality of medical care. These practices, for this reason, have long since been considered unethical and contrary to sound public policy.

The profession began to realize that large organizations by reason of their mass buying power secure hospital accommodations and other related services for their clientele at a price considerably below the cost of same. Hence the patients of individual physicians must pay enough to make up the deficit. In short, private practice feels that
4297 it has been forced into the position of involuntarily subsidizing its unfair competitor.

At this point the hospitals entered the picture and began to wonder how they could maintain and improve standards of hospital service if an increasing proportion of pressure groups, such as the city at 97 cents per day per bed, were in a position to dictate prices, forcing them to render an inferior quality of service to all patients.

Could the individual doctor likewise maintain good standards of medical care under an economic disadvantage engendered by new forms of medical practice? Proponents of the organizations argued that their plan afforded the only workable solution for the care of the "low-income group" and hence were rendering a service, which changing social and economic conditions made imperative. A considerable proportion of the profession advocated immediate action.

The philosophy of "fighting fire with fire" developed. Salem physicians were the first to take this course by organizing their own local hospital association to compete with the proprietary hospital associations. Certain Portland physicians heard of this experiment and proceeded to organize a hospital association in which any member of the local society might become a member through the purchase of one share of stock at a cost of $100.00. Approval of the society was sought and obtained, subject to certain specific conditions, designed to insure the subscriber proper medical care, and to confine the experiment to the so-called "low-income group."

4298 The newly formed association shortly found that the capture of contracts from the older proprietary associations with their long-established connections with local industries was not easy in spite of its panel of 150 members of the society. In order to keep functioning, the newly-formed association found it necessary to employ solicitation and other methods in violation of the Principles of Medical Ethics and the requirements laid down by the Society. It found, too, that the expense of organization was large and that after hospital, drug, administration and other bills were paid there was little left to distribute

among its physician-members. Moreover, it was found expedient to sign up executives with sizeable incomes and finally the school-teachers were included. All these factors combined to build up a situation which was intolerable to many members of the society.

In response to this criticism the Council in October, 1934 created a committee to study the newly-formed association as well as the older proprietary associations. This committee consisted of three members of the society who were members of the newly formed hospital association, three members outside the association, and a seventh member selected by the six first named. This committee, with the assistance of Mr. Ralf Couch, Secretary of the University of Oregon Medical School studied the situation for approximately an entire year. The committee submitted its report in Ocober, 1935. The report was adverse to the newly-formed association and to the older proprietary associations as a means of solving the problem of the so-called "low-income group".

Meantime the pressure upon the Council had become so great, because of the activities of the newly-formed
4299 association in violation of the Principles of Medical Ethics and its agreement with the society, that the Council in July, 1935 rescinded its approval of the association. The question of restoring approval and the consideration of the previously-mentioned committee report were subsequently referred to the general society for consideration at the annual meeting in December, 1935.

There was a pronounced difference of opinion over the pending issues. On the one side were those who sincerely felt that in spite of its defects the newly-formed association represented the first serious attempt to solve the hospital association problem. On the other hand were those members, who felt that a continuation of the prevailing situation would destroy high-type, individual medical practice. At the instance of the supporters of the newly-formed association, the issue was not joined at this meeting. It was agreed that consideration of the two pending matters be postponed to a later date.

Concurrently with the activities of the local county societies, the membership of the state society have discussed the situation throughout the state. The State Council, after thorough consideration, adopted a statement of principles wih strong recommendations that each county society proceed to deal with the growing evils of contract practice of the type commonly prevailing. It emphasized

the potential dangers to the high quality of medical care now existent. The delegates to the annual meeting of the Oregon State Medical Society approved and adopted the principles and recommendations of its Council, a copy of which follows:

4300 STATEMENTS OF PRINCIPLES AND PROCEDURE FOR THE CONTROL OF CONTRACT PRACTICE

Adopted by the House of Delegates of the Oregon State Medical Society October 10, 1936

INTRODUCTION

During the past year, the Council has devoted much attention to the various problems arising out of contract practice. There is a widespread feeling that the Council should assist the component societies and their members to interpret the Principles of Medical Ethics in particular instances in order that trends dangerous to sound medical practice may be avoided.

It is apparent that there is much misunderstanding among the membership concerning the ethics of contract practice which in some instances has given rise to fears that long-established, legitimate plans of contract practice will be interfered with. In order to allay these apprehensions, the Council deems it desirable to clarify the ethics of this form of practice.

While contract practice in itself is not unethical, it should be understood at the outset that even in an ethical form the indications for its application are specific and limited. The medical profession recognizes that contract practice, even when initially organized on an ethical basis, unless carefully watched, frequently develops commercial features which are in distinct contravention of established professional standards. For this reason it is necessary for the state society and its component societies to keep this form of practice under constant supervision and control, in order that the future of sound medical service to the people may not be jeopardized.

The following statement of principles and procedure is designed to assist component societies to preserve within their respective jurisdictions the essentials of good medical care insofar as these may be endangered by contract practice.

4301 1. DEFINITION OF CONTRACT PRACTICE

"By the term 'contract practice' as applied to medicine is meant the carrying out of an agreement between a physician or a group of physicians, as principals or agents, and a corporation, organization or individual, to furnish partial or full medical services to a group or class of individuals for a definite sum or a fixed rate per capita." (The Principles of Medical Ethics.)

2. UNETHICAL CONTRACT PRACTICE

"Contract practice" per se is not unethical. However, certain features or conditions if present make a contract unethical, among which are:

1. When there is solicitation of patients, directly or indirectly.
2. When there is underbidding to secure the contract.
3. When the compensation is inadequate to assure good medical service.
4. When there is interference with reasonable competition in a community.
5. When free choice of a physician is prevented.
6. When the conditions of employment make it impossible to render adequate service to the patients.
7. When the contract because of any of its provisions or practical results is contrary to sound public policy.

Each contract should be considered on its own merits and in the light of surrounding conditions. Judgment should not be obscured by immediate, temporary or local results. The decision as to its ethical or unethical nature must be based on the ultimate effect for good or ill on the people as a whole." (The Principles of Medical Ethics.)

4302 3. UNETHICAL CONTRACT PRACTICE AND DIRECT PROFIT TO INTERVENING AGENCIES

It is unprofessional for a physician to dispose of his professional attainments or services to any body, organization, group or individual, by whatever name called, or

however organized, under terms or conditions which permit a direct profit from the fees, salary or compensation received to accrue to the body or individual employing him. Such a procedure is beneath the diginity of professional practice, is unfair competition with the profession at large, is harmful alike to the profession of medicine and the welfare of the people, and is against sound public policy.

4. SOLICITATION

Solicitation involves an active effort by the physician, or his agent, to induce patients to come under his care. This practice is contrary to a basic principle of sound medical service; namely, that the patient himself should seek out and select his own physician, with no inducement except the professional reputation of the doctor. It is immaterial whether the solicitation is done by word of mouth, by circulars, or by newspaper or radio advertisements. It is likewise immaterial whether the solicitation is the act of the physician himself or a group of physicians or lay persons, organized as a clinic, hospital association, or otherwise, acting through a business manager or other agent. All these forms of solicitation are equally unethical.

5. UNDERBIDDING

Underbidding is one of the most vicious features of unethical contract practice, for the reason that it emphasizes the price of medical care rather than its quality and inevitably leads to inferior service. Rates for contract medical service should be based upon the cost of providing service which meets the established standards of scientific medicine. Rates for stated services should be uniform in a given local community, except when a deviation in rates may be proper because of difference in the age groups served, varying hazards of employment, and similar
4303 factors. Under no circumstances is it to be considered ethical for a physician or group of physicians, however, organized, to take away a contract from another physician or group of physicians by offering service at a rate which is inadequate to provide care consistent with established standards.

6. FREE CHOICE OF PHYSICIANS

The principle of free choice of physicians is one of the bases of good medical service. The term means that the

patient shall be free to select his physician from among all legally qualified and ethical physicians in the community. This principle should apply to all patients living in a community whose population is sufficient to make one or more physicians readily available under the usual conditions of private practice. The principle of free choice of physicians may be deviated from in certain cases where industrial operations are being carried on distant from a town or city, where the factor of isolatoin makes it necessary to provide service on a contract basis. Other exceptions to the application of this principle are to be found in the case of employee of transportation companies whose employment involves frequent travel, and in the case of medical services rendered to employees in the interest of and at the expense of the employer, such as pre-employment and periodic physical examinations.

7. THE BUSINESS MANAGER

The impression has apparently gained hold that a business manager of a group clinic or hospital association has the privilege of acting as the agent of his employer in the solicitation of contracts. A group of physicians, organized as a clinic or hospital association, have the same obligation to carry on their practice in an ethical manner as does an individual physician. The status of the business manager of such a group or association is identical with that of an office employee of a private physician. The mere assumption of the title of "business manager" does not confer upon an individual any special privilege to employ commercial methods of obtaining practice for physicians.

4304 8. APPROVAL AND DISAPPROVAL OF CONTRACTS

The Executive Committee of the Council shall act as a committee on contract practice. It shall be the duty of the Executive Committee to: (1) to review all existing and proposed contracts within the jurisdiction of the society, and to subject each contract to the tests embodied in the Principles of Medical Ethics, the interpretative decisions of the Judicial Council of the American Medical Association, and the various pronouncements of the Council of the Oregon State Medical Society; (2) to recommend to the Council the approval or disapproval of each contract, this recommendation to be based upon its ethical or unethical nature as determined by applying the criteria re-

ferred to above. A copy of each contract shall be retained in the files of the committee, together with a memorandum indicating whether it has been recommended for approval or disapproval; if disapproval is recommended, the reasons shall be stated.

Every member, who holds a contract for medical service, or who contemplates making such a contract, shall submit to the Executive Committee a copy of such contract together with such additional information as the committee may deem necessary to enable it to exercise judgment intelligently as to its ethical or unethical nature.

Any member shall be given an opportunity to appear before the Executive Committee or the Council to discuss any contract under which he is providing or contemplates providing medical service. The Council shall be the final judge as to the ethical or unethical nature of a contract.

9. SUMMARY

In summary, it should be realized that contract practice, with its ever-present dangers of commercialism and deterioration of the quality of medical care rendered the people, should never be considered as a desirable substitute for private practice with its intimate personal relationship between physician and patient. Contract practice should be considered only as a last resort when factors, such as geographical isolation, require its adoption.

The burden of establishing the fact of unusual need
4305 not possible to be met under the customary conditions of private practice is clearly upon the persons proposing a scheme of contract practice.

While all this was taking place, various other experiments were being carried on in many other communities throughout the country. In view of this national situation, the officers of the society deemed it wise to receive guidance directly from the American Medical Association before any further action was taken. Arrangements were then completed to reconvene the recessed meeting of December, 1935. The meeting was held on July 1, 1936, and Dr. Morris Fishbein, Editor of the Journal of the American Medical Association, was sent by the Board of Trustees to address the meeting.

Numerous members of the society participated in the discussion on the pending questions. The results of the meeting may be summarized in the three following actions.

(1) The Society by a vote of 145 to 84, adopted the report of the Committee for the Study of Medical Care for Low-Income Persons.

(2) The Society by a vote of 129 to 78 voted against restoring approval to the Multnomah Industrial Health Association.

(3) The Society by an overwhelming majority voted to adopt the following resolution:

WHEREAS, the various Councils and Boards of Censors elected by the Multnomah County Medical Society for many years past have been derelict in enforcing the Principles of Medical Ethics, particularly in relation to contract practice; and

4306 WHEREAS, as a result of this dereliction, unethical contract practice, involving advertising solicitation of patients, and profit to lay promoters from the services of our members, has become so widespread as to threaten the very existence of ethical medical practice and the ethical physician; and

WHEREAS, our national organization, ever watchful of forces inimical to good medical service to the public and the welfare of the physician, is alarmed at the growth of unethical contract practice in our city and state, and recognizes that this trend is leading inevitably to the complete commercialization of the medical profession and finally to political control of medical practice with resultant destruction of the highest values of scientific medicine; and

WHEREAS, our national organization has recently adopted certain definite policies indicating clearly that it will give its fullest support to our Society in its efforts to eliminate unethical practices in connection with contract practice in which a minority of our membership has become involved;

THEREFORE, BE IT RESOLVED, that the Multnomah County Medical Society does now declare in the strongest terms its intention to reinstate in local medical practice the fundamentals of professional service, as embodied in the Principles of Medical Ethics and its own constitution and by-laws, and henceforth to exact from each and every one of its members a strict adherence to these fundamentals; and

BE IT FURTHER RESOLVED, that our Society does hereby command its Council, its Board of Censors, and its other

appropriate bodies and committees to proceed as expeditiously as possible to carry out the policies and purposes expressed herein.

The Council of the society, and the Board of Censors, which is a committee of three chosen by and from the Council, accepted this resolution as a mandate from the membership to enforce the Constitution and By-Laws, which include the Principles of Medical Ethics. The
4307 society had spoken. Unethical contract practice, with its attendant evils of commercialism, advertising, solicitation, underbidding, and domination of the physician as to quality and amount of care, was definitely disapproved by vote of the society and was to be dealt with by its duly elected bodies. To do less than this was to ignore the expressed instructions of the membership.

Since July, therefore, the Council and the Board of Censors, for the first time in the society's history have been discharging their duties under the Constitution and By-Laws. In order to do this properly, the Council has created a Grievance Committee.

It is the duty of the Grievance Committee to investigate all charges of infraction of the Constitution and By-Laws which may come to the attention of the Society; and, if evidence is secured which tends to support the charges, the committee must submit the evidence to the Board of Censors, which proceeds with hearings as outlined in the Constitution and By-Laws. The Board of Censors must then sit in judgment and make a specific recommendation to the Council. The Council must then take action upon the recommendation of the Board of Censors.

To date, numerous reported violations have been considered. Two members have been expelled because of infractions of the Constitution and By-Laws. Four other members have resigned while the Council was conducting hearings on their respective cases. Other cases are
4308 pending before the proper committees and numerous complaints remain to be investigated as to their merits.

The foregoing is an attempt to outline the principal features of the various activities having more or less pertinent bearing on the situation as it exists at present.

* * * * *

(This exhibit is part of the December 1936 issue of *The Medical Reporter.*)

Plaintiff's Exhibit 275

4310 THE MEDICAL REPORTER

Issued by the Committee of Publicity

OREGON STATE MEDICAL SOCIETY

VOL. 4 DECEMBER, 1937 No. 5

This Publication is issued periodically during the greater part of the year. It carries the programs of the State Medical Society and of the Multnomah County Society. In addition it aims to publish news of interest to all of the physicians of the state. Subject to the limitations of space and editorial judgment of the general character of material presented, its columns are open to any doctor of the state who has a fact or facts to offer.

4311 MULTNOMAH COUNTY MEDICAL SOCIETY

REPORT OF THE COUNCIL CONCERNING THE NOMINATION OF OFFICERS FOR 1938

DECEMBER 1, 1937

In accordance with the provisions of the By-Laws, the Council submits herewith its nominations for officers for the ensuing year.

Owing to the resignation of Otis F. Akin, shortly after his elevation to the presidency, the president-elect, Robert L. Benson, has served as president during the past year. It being customary for no member to serve two terms as president, Dr. Benson has given the Council notice of his intention to submit his resignation to become effective at the close of the present society year on December 15, 1937. For this reason, the Council has submitted a recommendation for the office of president, in addition to that of president-elect.

The nominations of the Council are as follows:

President ..... Frank R. Mount

President-Elect ..... Eugene W. Rockey

Vice-President ..... Karl H. Martzloff

Treasurer ..... Stanley Lamb

Secretary ..... Howard C. Stearns

In the selection of nominees for officers for the coming year, the Council has endeavored to choose members who are sufficiently familiar with the Society's problems and policies to serve effectively. These, of necessity, must be largely drawn from the personnel of the present Council.

4312 The present Council recognizes the desirability of maintaining in the personnel of the Council representation of the viewpoint of the entire profession, as well as of various points of view which may exist among the membership. All representative bodies should strive to represent various minority opinions as well as the opinions of the majority, in order that their decisions may be equitable to the largest possible number.

The Council is aware also of the need for participation in the affairs of the Society by a large number of the membership. With so many difficult problems now confronting and likely to continue to confront the Society, it is imperative that a large number of members train themselves in medical organization work.

There are two sources of training for members who are willing to assume an active role in the work of the Society. One is to attend the meetings of the Council, which is the clearing-house for all the problems which come before the Society. The Constitution and By-Laws provide that all members are privileged to attend Council meetings and thus have an opportunity to learn of the problems and policies of the Society. Ordinarily, a member is given an opportunity to express his views on matters pending before the Council as freely as if he were a member of the Council.

The other sources of training is participation in the work of the committees, each of which confines its activities to a special field of activity. Many of our most valuable officers and councilors had their first contact with the work of the Society through service on committees.

4313 The Council calls attention to the increasing gravity of the responsibility which must be assumed by our officers, Council, and committees. Formerly, the holding of office and participation in committee work were largely an honorary and perfunctory affair. Many committees never even held a meeting. In the present situation, however, with complex problems facing the Society, with various civic bodies and governmental agencies to be dealt

with, and with important decisions affecting the future welfare of the medical profession to be made, the perfunctory discharge of their functions by our Council and committees would be disastrous.

The Council reminds the membership that at the annual meeting on December 15th six Councilors are to be elected for a two-year term and, if the Council's recommendation for the office of President-Elect is accepted, there will also be one Councilor to be elected to fill out the unexpired term of one year. The nominations for Councilors are to be made from the floor at the annual meeting. In selecting Councilors for the coming year, the Council urges that the membership bear in mind that the officers for the following year will probably of practical necessity be largely drawn from the new Council.

The Council also directs attention to the fact that the 18 delegates to the Oregon State Medical Society to be elected at the annual meeting should include a sufficient number of members who have been active enough in the affairs of the Society to properly represent it in the House of Delegates. At the last state meeting, very few of the delegates were familiar with the policies of our Society on
4314 matters under consideration by the House of Delegates. Many of the regularly elected delegates did not even attend. The Council suggests that it may be desirable to adopt the policy of some other component societies in selecting as delegates the President, and some of the members of the Council, as well as some members who are familiar with the activities of the various committees and who are willing to attend meetings of the House of Delegates.

ARE WE STILL OF THE SAME MIND?

In accordance with the express command of the membership, as contained in the resolutions adopted at the meeting of July 1, 1936 and the meeting of December 15, 1936, the Grievance Committee, the Board of Censors, and the Council of the Multnomah County Medical Society, have been sincerely and impartially endeavoring to enforce the Principles of Medical Ethics. We are sure that these representative bodies of the Society are interested in knowing whether the membership at this time desires them to proceed along the same course. For this reason, the resolution, adopted at the 1936 annual meeting, as a

reaffirmation of the resolution adopted at the reconvened annual meeting held on July 1, 1936, appears below. The attention of the membership is called to this resolution so that in the event that a change in the viewpoint of a majority has occurred since the last annual meeting, this change may be expressed in another resolution re-
4315 flecting prevailing opinion:

WHEREAS, the Multnomah County Medical Society assembled in general meeting on July 1, 1936, adopted a resolution pointing out that the various Councils and Boards of Censors elected for many years past had been derelict in enforcing the Principles of Medical Ethics; and

WHEREAS, the Society in this resolution further declared that as a result of this dereliction unethical practices, involving advertising, solicitation of patients, and profit to lay promoters from the services of our members, had become so widespread as to threaten the very existence of high-type ethical medical practice and the ethical physician; and

WHEREAS, the Society, in this resolution pointed out that the American Medical Association recognized that this trend would lead inevitably to the complete commercialization of the medical profession and finally to political control of medical practice with resultant destruction of the highest values of scientific medicine; and

WHEREAS, the Society, in this resolution declared in the strongest terms its intention to reinstate in local medical practice the fundamentals of professional service, as embodied in the Principles of Medical Ethics, and its own constitution and by-laws, and henceforth to exact from each and every one of its members a strict adherence to these fundamentals; and

WHEREAS, the Society, in this resolution, did command its Council, Board of Censors, and its other appropriate bodies and committees to proceed as expeditiously as possible to carry out these policies and purposes; and

WHEREAS, the Council, the Grievance Committee created by it, and the Board of Censors have put forth every effort to carry out this command of the Society and have discharged their duties with sincerity, fairness, and diligence in an effort to eliminate unethical practices detrimental to the public welfare and destructive of professional ideals;

THEREFORE BE IT RESOLVED, that the Multnomah County Medical Society does hereby express its earnest approval of the action of its Council, Grievance Committee, and Board of Censors during the past year and does hereby renew its command to execute the policies now reaffirmed herein.

4316 MULTNOMAH COUNTY MEDICAL SOCIETY

REPORT OF THE COMMITTEE ON CONSTITUTION AND BY-LAWS

Your committee has made a careful survey of the existing Constitution and By-Laws and has proposed the following amendments.

The Constitution and By-Laws have not been printed since 1931. Since that time, numerous amendments have been made. The committee is of the opinion that the entire Constitution and By-Laws should be revised and republished. There has not been sufficient time for the committee to make an entire revision, but the committee strongly urges that this work be completed during the coming year.

In order to facilitate the activities of the Society as much as possible, until such time as the task of revision can be completely accomplished, the committee has offered the following amendments, which it believes can be incorporated in the completed revision without substantial change.

In addition to submitting these proposed amendments, the committee has provided a short paragraph of explanation concerning each amendment, in order that the membership may better understand the purpose of each projected change.

The proposed amendments to the Constitution are to be voted upon by the general membership at the annual meeting. The amendments to the By-Laws are to be acted upon by the Council, but they are included below for the information of the membership.

Respectfully submitted,

JOHN R. MONTAGUE, *Chairman*,
LEON A. GOLDSMITH,
JOHN H. FITZGIBBON,
A. G. BETTMAN.

4317 AMENDMENTS TO THE CONSTITUTION

READ BEFORE THE GENERAL SOCIETY, NOVEMBER 17, 1937

READ BEFORE THE COUNCIL, NOVEMBER 30, 1937.

* * * * *

4320 8

To amend Article X, so as to read as follows:

The Principles of Medical Ethics of the American Medical Association are hereby incorporated herein the same as though set out in full, and it shall be the code and standard of conduct of this Society.

Purpose: To set forth specifically what is definitely implied under the provisions of the Constitution.

* * * * *

4321 2

To amend Chapter I, Section 2, so as to read as follows:

Section 2. Whether applying for Active, Junior, Interne, Associate or Non-Resident Membership, the method of application and election shall be as follows: Any person desiring to become a member of this Society shall make application on a regular blank form provided by the Society for that purpose. The application shall be endorsed by two members in good standing. It shall be read in open Society and referred to the Board of Censors which shall in turn investigate the applicant's standing and report at a subsequent meeting of the Council. If the Board of Censors rejects the application, the report of rejection shall be made to the Council, and the application shall not be voted upon by the Council or general Society. If the Board of Censors approves the application, it shall be voted upon by ballot by the Council as soon as the Council may readily consider the application. A two-thirds vote of all members of the Council present shall be necessary to approve the application. If the Council rejects the application, it shall not be voted upon by the general Society. If the Council approves the application, it shall be so reported at a subsequent meeting of the Society. A two-thirds vote of all present at such meeting shall be necessary for election.

Such application shall be deemed to be an agreement on the part of the applicant to be bound by the Constitution, By-Laws and duly passed amendments of the Constitution and By-Laws of this Society and the actions of the Society and officers thereof taken pursuant to said Constitution and By-Laws exclusive of any other remedy, legal or otherwise. This amendment is not to be construed as adding anything to the effect of such an application, but merely as a statement of present rights and privileges of members. If any present member shall not desire to be bound by this statement, it shall be his duty to resign from the Society forthwith.

All applications shall be returned to the Secretary and filed by him for future reference.

Purposes: (1) *To require that each application for membership shall be approved by a two-thirds vote of the Council before it is submitted to the general Society for consideration.*

(2) *To set forth specifically the significance of membership which is implied under existing provisions of the By-Laws.*

3

To amend Chapter I, so as to eliminate entirely Section 2A.

Purpose: *To eliminate the existing provision of the By-Laws requiring the annual renewal of membership, which was adopted in 1936 and never placed in operation.*

(One proposed amendment to the By-Laws of the Multnomah County Medical Society was to substitute that name, which had been adopted in 1933. The minutes of the November 1937 meeting of the Council of the Oregon State Medical Society were printed in this issue of *The Medical Reporter*.)

Plaintiff's Exhibit 276

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OREGON STATE MEDICAL SOCIETY

MINUTES OF THE SIXTY-SECOND ANNUAL MEETING OF OREGON STATE MEDICAL SOCIETY HELD AT THE DALLES, OREGON, OCTOBER 8-10, 1936.

HOUSE OF DELEGATES

FIRST SESSION

Thursday, October 8

The opening session of the House of Delegates was called to order by President G. A. Massey at 7:30 a.m. at The Dalles Hotel.

On roll-call, the following members of the Council were present:

G. A. Massey, president; W. J. Weese, first vice-president; J. C. Vandevert, third vice-president; M. L. Bridgeman, secretary; Councilors C. E. Sears, Blair Holcomb, C. E. Hunt, C. T. Sweeney, E. D. Lamb, Thompson Coberth, and H. A. Cary; J. H. Fitzgibbon, delegate to the American Medical Association.

The following delegates were present:

W. T. Johnson of Corvallis, Cental Willamette Medical Society; R. J. Pilkington of Astoria, Clatsop County Medical Society; F. G. Swedenburg of Ashland, Jackson County Medical Society; E. L. Zimmerman and L. S. Kent of Eugene, Lane County Medical Society; C. W. McCain of Hood River, Mid-Columbia Medical Society; G. L. Boyden; A. B. Dykman, C. P. Wilson, Q. R. Lupton, R. B. Adams, F. B. Zener, Stanley Lamb, F. R. Mount, and A. G. Bettman of Portland, Multnomah County Medical Society; H. A. Dowd and R. M. Waltz of Salem, Polk-Yamhill-Marion Medical Society; David Robinson of Tillamook, Tillamook County Medical Society. The executive secretary was also present.

President Massey announced the appointment of the following committees:

Credentials—M. L. Bridgeman, chairman; H. A. Dowd, C. W. McCain.

Resolutions—W. T. Johnson, chairman; A. G. Bettman, F. G. Swedenburg.

New Business—C. E. Hunt, chairman; Thompson Coberth, C. T. Sweeney, Stanley Lamb, C. E. Sears.

Unfinished Business—David Robinson, chairman; E. H. McLean, J. C. Vandevert.

M. L. Bridgeman, chairman of the Committee on Credentials, reported that, in the absence of the regularly elected delegates from certain component societies, certain members were present and eligible to be seated. On motion duly made and seconded, E. H. McLean of Oregon City, Clackamas County Medical Society, and I. C. Brill of Portland, Multnomah County Medical Society, were seated by vote of the House.

On motion duly made and seconded, it was voted to dispense with the reading of the minutes of the last annual session, the same having been printed in December, 1935, issue of NORTHWEST MEDICINE.

President Massey announced that it was the duty of the House to select the Committee on Nominations. The following were nominated: C. E. Hunt, E. D. Lamb and F. R. Mount. They were duly elected.

COMMUNICATIONS

A letter from the Medical Library Association requesting assistance in obtaining adequate appropriations for the Army Medical Library and its Index-catalogue was read. The letter was referred to the Committee on Resolutions.

A letter and memorandum from W. C. Woodward, Director of the Bureau of Legal Medicine and Legislation of the American Medical Association was read. These communications dealt with recent efforts of the Association to resolve differences concerning the deductibility of automobile expenses in the computation of federal income taxes by physicians which had developed between members of the Oregon medical profession and the Collector of Internal Revenue of the district. There was considerable discussion concerning the difficulties of obtaining proper deductions of automobile expenses. The suggestion was made that physicians use charge accounts for all such expenses, in order to facilitate the establishment of amounts expended.

COMMITTEE REPORTS

Report of Secretary

Your secretary presents the following report concerning the principal activities of the Society since our last annual session, as well as a summary of the subjects of importance dealt with by the Council and its Executive Committee.

The improvement in general economic conditions during the past two years has produced a corresponding gain in receipts from dues. Receipts for the first eight months of 1936 were slightly higher than during the similar period of 1935. It is anticipated that total receipts for the year will approximate the predepression level in spite of the fact that the annual rebate of $5 to active members, making net dues $15 instead of $20 per year, has been continued.

This gratifying condition is due in part to the more prompt payment of dues by older members but more largely to an increasing number of new and reinstated members. Our membership has now reached the highest figure in our history as is apparent from the following table:

	Owing prior to 1935 but paying	Paid 1935	Paid 1936	Totals
Active	7	71	594	672
Junior	..	8	34	42
Associate	..	1	13	14
Life	..	..	....	12
Honorary	..	..	....	17
Non-Resident	..	2	6	8
Total	7	82	647	765

Worthy of special comment is the increasing tendency of young physicians just entering practice to affiliate with their local and state societies.

The Council and its Executive Committee have devoted themselves assiduously to their duties and have acted upon a wide range of matters of vital importance to the membership. The Council met each month, except during August, and during February held two meetings. The Executive Committee usually met at least biweekly, and when necessary held weekly, and occasionally semiweekly meetings.

In accordance with the established policy of recent years, the Council held three of its regular meetings outside of Portland, one being held at Eugene, one at Klamath Falls, and one at La Grande. In addition, individual members of the Council were assigned to present various matters of policy to several of the component societies. These meetings with the local societies appeared to be valuable in developing increased understanding among the membership concerning the purposes and policies of the state society.

The following summary indicates the chief actions of the Council and its Executive Committee since the last annual session:

ACTIONS OF THE COUNCIL

1. Voted to adopt the recommendation made by the general society at the Gearhart session that the expenses of the Delegate to the American Medical Association incurred in the discharge of his duties be hereafter paid by the Society.

2. Authorized the reprinting of 1000 copies of the Minimum Industrial Fee Schedule.

3. Authorized the appointment of an advisory committee to the Oregon Supervisor of the Federal Survey on Disabling Illness.

4339 4. Voted to go on record as favoring the general type of legislation proposed by the State Board of Health to strengthen the Sterilization Law, but not formally to endorse the proposed amendments because of lack of sufficient time to weigh the effects of the numerous detailed provisions.

5. Voted to go on record as favoring the strenuous prosecution of measures designed to eliminate the hazard of bubonic plague, to endorse the proposal of the State Board of Health that the Legislature appropriate $3,000 to supplement the sum of $6,000 offered by the U. S. Public Health Service to institute a program of rodent control in Eastern Oregon, and to urge Governor Charles H. Martin to support this proposal.

6. Appointed a special committee to study the proposal of the American Red Cross calling for the establishment and operation of a statewide system of highway first-aid stations.

7. Authorized that publicity be given the new radio program of the American Medical Association over the NBC network through a series of weekly newspaper announcements.

8. Authorized the Executive Committee to expend such funds as they deem proper for placing "Hygeia" in the schools of the state.

9. Adopted a resolution expressing appreciation of the services of Arthur J. Cramp, Director of the Bureau of Investigation of the American Medical Association, recently retired.

10. Authorized the sending of telegrams to the President and the Director of the Works Progress Administration urging approval of the Wolf Creek and Wilson River projects.

11. Authorized the employment of legal counsel to advise the component societies as to the correct interpretation of the various provisions embodied in the established regulations of the Oregon State Medical Society and the American Medical Association as well as their own, and the proper procedure to be followed in applying these regulations.

12. Approved the appointment of Frank R. Mount, Raymond E. Watkins and James W. Rosenfeld to represent the Society on the advisory committee to assist the State Board of Health in carrying out the public health provisions of the Federal Social Security Act.

13. Authorized the Committee on Public Policy to seek the assistance of the American Medical Association in the preparation of a new medical practice act in order to eliminate the many deficiencies in the present law.

14. Adopted a "Statement Concerning the Enforcement of the Principles of Medical Ethics" and directed that a copy of this statement and an explanatory letter be sent to each member, together with a copy of "The Principles of Medical Ethics" and a copy of the interpretative decisions of the Judicial Council of the American Medical Association dealing with contract practice and related matters.

15. Voted to request Ralph A. Fenton to obtain a definition of the term, "free choice of physician," from the Board of Trustees of the American Medical Association.

16. Voted that the 1936 annual session be held at The Dalles on October 8, 9, 10.

17. Voted to urge the State Board of Control to provide additional state facilities for the care of the acute, and particularly of the convalescent and chronic tuberculous, the recommendations made to be based upon a survey of the needs and facilities now available for the care of these groups of tuberculous, to be conducted by a committee appointed by the President.

18. Adopted a resolution for submission to the House of Delegates of the American Medical Association, providing that the Council on Medical Education and Hospitals, before granting approval to hospitals for general internships or residencies in the several specialties, shall first assure themselves that each and every staff member of any hospital under consideration for such approval is conducting his practice in accordance with the Principles of Medical Ethics and that such hospital is not granting special privileges to any of its members in the form of lower rates for patients of such staff members.

19. Adopted a resolution expressing confidence and appreciation of the activities of Morris Fishbein, Editor of the *Journal of the American Medical Association* and *Hygeia*, as a publicist on medical subjects of interest to the lay public.

20. Authorized the Committee on Public Policy to call a conference at Portland of all the physician candidates for the state legislature, the railroad and hotel expense incurred by the physician candidates to be paid by the Society.

21. At the instance of the Council of the Multnomah County Medical Society, requested the Board of Trustees of the American Medical Association, to send an official representative to address the recessed annual meeting of that society for the purpose of clarifying for its membership existing questions relating to unethical contract practice.

22. Authorized the use of the Society's headquarters and staff in connection with the annual meeting of the Pacific Northwest Medical Association at Portland.

23. Adopted a resolution for submission to the House of Delegates of the American Medical Association oppos-

ing the granting by the Federal Communications Commission of a single short wave frequency to any commercial concern for the purpose of emergency communication with physicians and favoring the allocation of frequencies for this purpose to individual local stations, and this only following the recommendation of the local medical society in the city concerned.

24. Authorized the removal of the Society headquarters to larger space on the Taylor Street side of the Medical-Dental Building in Portland, the rental to remain the same.

25. Voted that disapproval of illegal abortions be expressed in the strongest terms and that every possible assistance be afforded the State Board of Medical Examiners in their efforts to minimize this practice.

26. Voted to invite Olin West, secretary of the American Medical Association, to make an address at The Dalles session on the subject of medical ethics.

27. Voted approval of the efforts of the Benton County Medical Society to eliminate unethical contract practice.

28. Voted to address a letter of commendation to Station KOAC at Oregon State College for its daily health broadcasts based upon material supplied by the Society.

29. Voted to request the Woman's Auxiliary to concentrate its efforts upon a wider dissemination of Hygeia and upon other matters vital to the welfare of the practicing physicians as outlined by the Liaison Committee.

30. Voted that the President appoint a special Committee on Information and Propaganda to prepare articles along broad lines of ethics and economics for the education of the medical profession and the lay public.

31. Voted to compliment the committee in charge of *The Medical Reporter* and to continue its publication for one year from July, 1936.

32. Authorized the reimbursement of the expense of members assigned to address component societies on matters of state society policy.

33. Authorized the Committee on Scientific Work to obtain two or three suitable guest speakers for the annual session.

34. Voted that the recommendation be made to the insurance carrier that the rate for $5,000–$15,000 limits of insurance covering roentgent ray and radium therapy be reduced from $150 per year to $60 per year and that the rate for insurance covering medical endothermy be increased 25 per cent over the present rate of $20 per year for $5,000–$15,000 limits.

35. Voted to contribute $100 to the campaign against the so-called Truthful Advertising Constitutional Amendment to be before the electorate at the November election.

36. Adopted a "Statement of Principles and Procedure for the Control of Contract Practice." (A copy of this statement accompanies this report.)

The summary reproduced above is ample evidence of the broad scope of the matters demanding consideration by the Council and its Executive Committee and of the carefully considered action taken in behalf of the medical profession and people of our state.

Finally, I take this opportunity to express my appreciation of the splendid cooperation accorded me by our officers, councilors, committeemen and executive secretary, as well as the membership as a whole. Serving as secretary is one certain way to gain an appreciation of the value of organized medicine and of the fine personalities of whom it is composed.

MORRIS L. BRIDGEMAN,
Secretary

This report was referred jointly to the Committees on Resolutions and New Business.

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Delegate to American Medical Association

As the minutes of the House of Delegates of the American Medical Association of 1936 have been published in *The Journal*, your delegate will not attempt to cover in detail the activities of the House, but will confine this report to matters of particular interest to the physicians of Oregon.

Preliminary to carrying out the instructions of the Council of the Oregon State Medical Society, your delegate visited the headquarters of the American Medical Association in Chicago for conference with Olin West, Secretary of the Association, and William D. Cutter, Secretary of the Council on Medical Education and Hospitals. These

gentlemen were very courteous and appointments were made for appearance before the Board of Trustees and Council on Medical Education and Hospitals at Kansas City.

The headquarters building in Chicago has been enlarged by the addition of two stories and made more workable by many alterations. All physicians visiting Chicago should visit headquarters and become acquainted with the headquarters group and the work of the various councils and departments.

At Kansas City, your delegate appeared before the Board of Trustees and informed that body of difficulties in enforcement of medical ethics in relation to hospital association practice in this community. In the name of the Oregon State Medical Society and Multnomah County Society, the Board of Trustees was requested to send a representative to speak before the annual meeting of the Multnomah County Society for the purpose of instructing that body in medical ethics and problems confronting medical organizations throughout the country. The Board of Trustees granted that request and chose Morris Fishbein, Editor, to make the trip to Portland.

At a meeting of the Council on Medical Education and Hospitals, your delegate discussed conditions in Oregon in relation to the education of internes and residents in approved hospitals, and read the resolution relating to approval of hospitals and internships and residents which had been passed by the Council of this society. This resolution, a copy of which is attached, was introduced by title at the general session of May 11 and referred to the Committee on Executive Session. After approval by the committee, the resolution was discussed in the House of Delegates where it received unanimous approval.

The Oregon resolution on "Opposition to Granting a Single Short Wave Frequency to Commercial Concerns for Emergency Communication to Physicians" was introduced and unanimously passed by the House of Delegates. A copy of this resolution is attached (omitted for lack of space).

Other matters of particular interest are as follows:

Speaker of the House of Delegates, Nathan B. Van Etten, addressed the House and urged all delegates to feel their share of responsibility for the attitude of the American Medical Association in matters of general policy. Among other pointed remarks, he said: "Dignified aloof-

ness is stupidity dictated by laziness. The medical citizen of this type deserves nothing from our people and his profession will sink into economic slavery if he is allowed to direct it."

President James S. McLester reviewed the year's accomplishments and urged the Association to continue its vigilance and untiring efforts to guide the American profession through the difficulties ahead, mentioning particularly the ill-advised attempts of social scientists, economists and self-appointed reformers to alter the status of scientific medical practice.

The late J. Tate Mason, President-Elect, was unable to attend because of illness. His message was read by Brien T. King, of Washington. Dr. Mason was later installed as President in absentia and suitable notification of his installation and good wishes of the association sent to him. His death a few weeks later caused great sorrow to all his friends throughout the nation.

The report of Olin West, Secretary, showed the Oregon State Society to have a membership of 742 for 1936, compared with 652 for 1935. Of this number 442 are Fellows of the Association, showing that a majority of our members have attended meetings of the national body. The
4341 fact that there are 1308 Oregon physicians listed in the thirteenth edition of the A. M. A. directory shows room for further increase in membership in our local organization.

BOARD OF TRUSTEES

The Board of Trustees reported an increase in paid circulation of the Journal of 4,344 over the year previous.

Special Journals published by the Association showed a gain in circulation but a financial loss of $28,004.70 for 1935.

Hygeia has shown definite expansion and widespread use in schools and as a source of public health information, but is published at a financial loss. The Oregon State Woman's Auxiliary is to be commended for the part it has played in making Hygeia available to the students of our state.

The library has extended the scope of its package service and has maintained the quarterly Cumulative Index Medicus on a high plane. Requests from Oregon for package service have apparently not been numerous, because of the close relationship with the library of our own medical